

## *In Pursuit of Happiness Research Is It Reliable? What Does It Imply for Policy?*

by Will Wilkinson

### Executive Summary

“Happiness research” studies the correlates of subjective well-being, generally through survey methods. A number of psychologists and social scientists have drawn upon this work recently to argue that the American model of relatively limited government and a dynamic market economy corrodes happiness, whereas Western European and Scandinavian-style social democracies promote it. This paper argues that happiness research in fact poses no threat to the relatively libertarian ideals embodied in the U.S. socioeconomic system. Happiness research is seriously hampered by confusion and disagreement about the definition of its subject as well as the limitations inherent in current measurement techniques. In its present state happiness research

cannot be relied on as an authoritative source for empirical information about happiness, which, in any case, is not a simple empirical phenomenon but a cultural and historical moving target. Yet, even if we accept the data of happiness research at face value, few of the alleged redistributive policy implications actually follow from the evidence. The data show that neither higher rates of government redistribution nor lower levels of income inequality make us happier, whereas high levels of economic freedom and high average incomes are among the strongest correlates of subjective well-being. Even if we table the damning charges of questionable science and bad moral philosophy, the American model still comes off a glowing success in terms of happiness.

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## **Introduction: Is the United States a Failure?**

"There is a paradox at the heart of our lives," writes Richard Layard, head of the London School of Economics Center for Economic Performance and member of the British House of Lords. "As Western societies have got richer," Layard tells us, "their people have become no happier."<sup>1</sup> Psychologist of happiness David Myers opens his book, *The American Paradox*, on a Dickensian note: "It is the worst of times, and the best of times." We owe the "worst of times," according to Myers, to "radical individualism" and "libertarianism," both civil and economic.<sup>2</sup> Journalist Gregg Easterbrook puts it this way: "We live in a favored age and do not feel favored."<sup>3</sup> His bestselling book, *The Progress Paradox*, set out to explain "why capitalism and liberal democracy, both of which justify themselves on the grounds that they produce the greatest happiness for the greatest number, leave so much dissatisfaction in their wake."<sup>4</sup>

All of those works and many more tap into a rapidly growing body of research on the correlates of human happiness. Starting roughly with University of Southern California economist Richard Easterlin's watershed 1973 paper showing that average happiness levels reported by Americans had not risen for decades despite a doubling in average incomes, economists, sociologists, and psychologists have been busy canvassing the world, handing out "life satisfaction" surveys and customized "experience sampling" Palm Pilots and then running the data through computers with cutting-edge statistical software to tease out the determinants of a satisfying life.<sup>5</sup>

How important is wealth to happiness? How important is marriage? Parenthood? Job satisfaction? Leisure time? Health? The rate of unemployment? The rate of economic growth? Democratic institutions? Social safety nets? The happiness researchers even have their own journal, *The Journal of Happiness Studies*, where all of this, and more, is analyzed at length.

Layard is sufficiently confident in the quality of happiness research to bless it as a "new science." It is claimed that we now *know*, at long last, what really makes people happy. Geoffrey Miller, a psychologist at the University of New Mexico, writes: "In the last ten years, psychology has finally started to deliver the goods—hard facts about what causes human happiness."<sup>6</sup> Scholars like Layard have not hesitated to base dramatic policy recommendations on our alleged newfound facts. Layard argues, for example, that a government that cares about the pursuit of happiness will levy higher taxes on income, impose strict controls on advertising and marketing, mandate generous periods of paid parental leave, and implement "radical" mandatory public school courses covering aspects of life generally left to parents aiming "to produce a happier generation of adults than the current generation," and much else besides.<sup>7</sup>

Layard's belief that happiness research supports the policies of more heavily regulated markets and a more thoroughgoing egalitarian welfare state is by no means unique. Indeed, it appears to have become a sort of conventional wisdom among those who study happiness. In an academic paper about the evolutionary psychology of happiness (and not about the *politics* of happiness), psychiatrist Rudolph Nesse, referencing the work of Layard and Cornell University economist Robert Frank, reports in passing what he takes to be the established political implications of happiness research:

On a social and political level, it is abundantly clear that certain policies can increase average SWB [subjective well-being] in a society. More equitable income distribution is highly correlated with the average level of well-being in a society, and high taxes on high incomes and luxury goods would result in only infinitesimal decrements in the positional pleasures provided by luxury goods. Most democratic societies seem unable, however, to enact laws based on this knowledge to increase the well-being in their societies.<sup>8</sup>

Notre Dame University political scientist Benjamin Radcliff argues that market-oriented societies are by nature corrosive to happiness and that large welfare states are the remedy. Publishing in his field's most prominent journal, Radcliff claims that the accumulated data suggest:

Life satisfaction should increase as we move from less to more social democratic welfare states. More generally, life satisfaction should vary positively with the dominance in government of political parties committed to the social democratic program of limiting human dependence on the market.<sup>9</sup>

Elsewhere Radcliff argues that “the more we supplement the cold efficiency of the free market system with interventions that reduce poverty, insecurity and inequality, the more we improve the quality of life.”<sup>10</sup> Like Layard, Nesse, and Radcliff, many others believe it has been established that certain policies—policies that would make the United States more like Sweden or France—would enhance our happiness. “The utilitarian argument for the rich giving more of their money to the poor is now scientifically irrefutable,” writes Geoffrey Miller, “but few journalists have recognized that revolutionary implication.”<sup>11</sup> Swarthmore College psychologist Barry Schwartz, writing in the *New Republic*, says that thanks to happiness research “we now *know* there is some significant subset of people likely to be made better off through heavier taxation, and that these people reside at the top end of the wealth distribution.” Schwartz continues:

Given that a concern for people's welfare has traditionally been one of the chief moral objections to taxing wealth (at least among those sympathetic to redistribution in principle), a policy of heavier taxation for the very wealthy may be the only moral course of action.<sup>12</sup>

An article on happiness research in the *New York Times* reports that George Loewenstein, a

leader in “behavioral economics” at Carnegie Mellon University, “doesn't see how anybody could study happiness and not find himself leaning left politically.”<sup>13</sup>

Perhaps the most compelling left-leaning arguments based on happiness research are those, such as Robert Frank's in his book *Luxury Fever*, which de-emphasize the importance of *absolute* material wealth to happiness and stress instead the importance of *relative* position in the distribution of income and social status. Whereas happiness research has shown a flat trend in happiness *over time*, it also shows that *at any time* wealthier people are more likely to say they are happy. However, so the argument goes, if we *all* run harder to pull ahead in the race for the benefits of higher relative standing, those ahead will just run harder too. In the end, the frantic pace will have left us all harried and exhausted, and average happiness will have remained unchanged.

“Every time [some people] raise their relative income (which they like),” Layard writes, “they lower the relative income of other people (which those people dislike). This is an ‘external disbenefit’ imposed on others, a form of physical pollution.”<sup>14</sup> Layard's proposed solution is a tax on “the polluting activity” or, as economists call it, the “negative externality.” The polluting activity here is nothing less than your and my working hard to make more money. But, if it is *relative* standing that matters, the increase in total wealth will not increase happiness on average. There will always be a top half and bottom half. A tax that reduces the monetary benefits of labor and so encourages everyone to ease up in unison will slow the pace of life and reduce incomes. This, the argument goes, will do no harm to happiness, but the time and energy freed to pursue the pleasures of family, friends, and leisure will do a world of good.

If we must push ourselves ever harder merely to keep up, then it is easy to suspect that the output of increased economic production will not actually contribute to our happiness. We end up with nothing but superfluous abundance, the side-effect of a mad dash that does nothing but wear us down and

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hollow us out, even as it sedates us with the spurious satisfactions of unending novelty.

This is a powerful and compelling line of reasoning, in the light of which it becomes easy to understand why the importance of economic growth has taken a beating by a number of prominent happiness scholars. In an article entitled “The Hippies Were Right about Happiness,” Warwick University economics professor Andrew Oswald writes:

Routinely derided, the ideas of these down-to-earth philosophers are being confirmed by new statistical work by psychologists and economists. . . . Once a country has filled its larders, there is no point in that nation becoming richer. . . . Economists’ faith in the value of growth is diminishing. That is a good thing and will slowly make its way down into the minds of tomorrow’s politicians.<sup>15</sup>

The Declaration of Independence states that “all men are created equal,” vested with rights to “Life, Liberty, and the pursuit of Happiness.” The apparent consensus among happiness researchers strongly suggests that America has failed to live up to its founding ideals. Happiness research may seem to pose a grave threat to the legitimacy of the relatively libertarian American political-economic model.

The threat hits home with a vengeance when we recall that the Declaration was not just a statement of national ideals but an incendiary argument aimed at the justification of rebellion—a radical case for overthrowing the government. According to the Declaration, “whenever any Form of Government becomes destructive of these ends” (i.e., life, liberty, and the pursuit of happiness) “it is the Right of the People to alter or abolish it,” and replace it with a government they feel sure will “effect their Safety and Happiness.” In other words, if a government actively interferes with its citizens’ pursuit of happiness, it has no legitimate authority, and citizens are justified in scrapping it and starting over. A failing grade on the “American test” of happiness is a call for massive reform, if not outright revolt.

The task of this paper is to examine the state of happiness research and grade the performance of the United States on its own test. Has the nation’s relatively dynamic, competitive, free-market system failed us in the pursuit of happiness? Has “science” shown that the ideals of free markets and limited government deserve retirement? If we would in fact be happier as denizens of an egalitarian welfare state on the model of European social democracies, it may seem that only the ignorant or spiteful would try to stand in the way of happier lives and a better grade on the American test. So we have to ask: Would we be right to scrap our current system and start over?

The aim of this paper is to demonstrate that happiness research poses no threat to U.S. ideals as they have been historically interpreted and are embodied (albeit imperfectly) in our present socioeconomic system. Happiness research is seriously hampered by confusion and disagreement about the definition of its subject as well as the limitations inherent in current measurement techniques. Happiness research in its present state cannot be relied on as an authoritative source for empirical information about happiness, which, in any case, is not a simple empirical phenomenon but a cultural and historical moving target. Furthermore, happiness is not the only element of human well-being or of a valuable life. At the very least, believing that it is has no standing as a scientific proposition, and there is no *liberal* moral justification for holding up happiness as the sole standard for evaluating policy in a contentiously pluralistic society. Yet the problems with the political uses of happiness research run deeper than methodology. Even if we grant that the findings of happiness research do shed some light on the state of human well-being, few of the main alleged implications for public policy actually follow from a fair reading of the evidence. In a nutshell: even if we put aside charges of questionable science and bad moral philosophy, the United States still comes off as a glowing success in terms of happiness. If any nation deserves an “A” on the “American test,” the United States does.



Though the putative implications of happiness research touch on almost all areas of life and public policy, this paper focuses on three major claims:

- (1) The relatively greater dynamism of the U.S. market economy and the relatively smaller scope of the U.S. welfare state are bad for happiness, and we would be happier with European-style social democracy.
- (2) The importance of relative position to happiness provides a justification for higher taxes on income and/or consumption.
- (3) Economic growth is unimportant to happiness, and measures of social welfare such as GDP per capita (or growth in GDP per capita) should be replaced or at least augmented with measures of happiness.

Before explaining why each of these claims is false, I will discuss how happiness research is currently conducted, what it says, and why it tells us less than its defenders think.

## The Limits of Happiness Research

Happiness research is a label for a wide range of research programs that aim to uncover the correlates or causal determinants of happiness, life-satisfaction, or subjective well-being (commonly abbreviated as SWB). For the most part, happiness researchers—usually economists, psychologists, and sociologists—rely on data gathered from large surveys in which people report how they are feeling, as well as how much money they make, how many children they have, what kind of job they have, and so forth. Researchers then search for patterns in relationships between answers about happiness and answers about money, children, work, and so forth, using a wide variety of statistical techniques.

Surveys are fairly blunt instruments for probing into people's psyches. "Taken all

together, how happy would you say you are: very happy, quite happy, not very happy, or not at all happy?" is a typical question that appears on the widely used World Values Survey.<sup>16</sup> Other surveys, such as those conducted by the National Opinion Research Center, use slightly different wording and a three-point scale. There are also multi-item surveys, such as the one included in the Midlife Development Inventory, that ask about the frequency of positive and negative feelings<sup>17</sup> and the popular multi-item Satisfaction with Life Scale created by University of Illinois psychologist Ed Diener.<sup>18</sup> Some surveys, such as the Eurobarometer survey, ask how "satisfied," instead of how "happy," the respondent is with his or her life.

Though broad-brush surveys dominate the field of happiness research at present, there are other, more fine-grained self-report techniques. The experience sampling method (ESM) was pioneered by psychologist Mihaly Csikszentmihalyi, best known for his work on peak experience or "flow."<sup>19</sup> ESM equips volunteers with beepers or specially outfitted handheld computers programmed to sound an alert at random intervals throughout the day, at which point the volunteer is supposed to make note of what he is doing and how he feels while doing it. Because ESM can be very expensive for large samples, recent studies have begun to use the Day Reconstruction Method, created by economics Nobel Prize-winning psychologist Daniel Kahneman and others, as a substitute.<sup>20</sup> Volunteers in DRM studies are asked to spend time at the end of the day recalling and recording their activities during the day along with what they were feeling while performing them.

Even more promising, the development of medical diagnostic technology such as brain imaging and the isolation of hormones in blood samples now allows us to measure directly the organic underpinnings of good and bad feelings. There is a wide array of neurotransmitters and hormones, such as dopamine, serotonin, oxytocin, cortisol, prolactin, and many more that may contribute to good and bad feelings. There are a few studies

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that attempt to directly measure the physical basis of well-being, but, so far, they are very few—in large part because they are very expensive. The recent work of University of Wisconsin psychologist Carol Ryff and her team of investigators stands out as an example of happiness research that integrates brain imaging and biochemical evidence with survey research.<sup>21</sup> Though such research efforts are difficult, time-consuming, and expensive, they promise to advance our understanding of happiness considerably and deserve greater attention and emulation.

Much of the happiness literature is occupied with examining the relative merits of three hypotheses (or combinations thereof) that seek to explain the so-called “Easterlin Paradox”—the fact that average self-reported happiness has not risen with average income. The “adaptation-set point” hypothesis says that each of us has a settled disposition to feel a certain way (our largely genetically determined happiness “set point”) and that we quickly “adapt” or habituate” psychologically to both pleasurable and painful events, reverting eventually to that usual set point.<sup>22</sup> The “aspiration adjustment” hypothesis—Easterlin’s own favored explanation—makes sense of the flat happiness trend by noting that people tend to raise their aspirations as soon as they have met their old ones. If self-reported happiness is an individual’s assessment of their position relative to their aspirations, a penchant for constantly “shifting the goal-posts” will ensure people rarely say they are getting happier.<sup>23</sup> Last, as we’ve already noted, there is the “relative position” hypothesis, which claims that self-reported happiness is a function of our relative position in a social hierarchy. Since that hierarchy is often identified with income distribution, the relative position hypothesis is taken by many to explain why increases in average income don’t correlate strongly with increases in average happiness.<sup>24</sup>

Opposed to each of these theses is the “absolute effect” hypothesis, which states that increases in material well-being have real and lasting effects on happiness—effects that we

don’t simply get used to psychologically, that don’t diminish in light of shifting aspirations, and that aren’t sensitive to social comparison. The absolute effect hypothesis is not an explanation of the Easterlin Paradox, but rather a denial of it. In other words, it is the claim that happiness *has* increased significantly with income and wealth.

It is not my purpose here to sort out the relative explanatory power of the “adaptation-set point” and “aspiration adjustment” hypotheses. This paper does argue, however, that there is some absolute effect of wealth and income not subject to adaptation and aspiration shifting and that the importance of relative position is dramatically overblown. But if there are continuous real effects of increasing material well-being, then why are they so hard to see?

### **Problems with Surveys**

The first question that occurs to most people when encountering survey-based happiness research is whether everyone thinks of “happiness” in the same way and whether we judge our own level of satisfaction according to the same standards. Doesn’t everyone have his own notion of happiness? Isn’t this way of measuring subjective well-being too . . . subjective? Happiness scholars generally point to the same small set of studies that show some correlation with self-reported happiness and other things we might imagine to be objective manifestations of happiness, such as increased blood-flow in certain parts of the brain, smiling a lot, or being rated as happy by one’s friends and family. However, these checks on the validity of happiness surveys are only as good as the thinking behind them, and some of the thinking isn’t very impressive. For example, people in some cultures just seem to smile more than others, and there is evidence that “authentic” smiles function more as social cues than as raw physical expressions of individual emotion, so it is hard to know how much confirmation of survey data is provided by noting that people who say they are happier smile more.<sup>25</sup> Other happiness researchers dispute the implied objection by invoking the law of

large numbers, which guarantees that random variations are washed out with an adequately large and representative sample.<sup>26</sup>

But a great deal of variation seems not to be random at all. For example, it is not clear that all cultures understand “happiness” the same way Americans, or Westerners more generally, do. And, if it needs to be said, the properties of being American or being Chinese, for example, are not randomly distributed throughout the human population. Cultural characteristics can matter for the way people respond to surveys, even in the unlikely event that cultural differences break along political boundaries.

With a few notable exceptions, it has so far been rare to encounter any acknowledgment that survey measures track anything but a universal and ahistorical form of experience or that different languages might express these experiences differently.

Australian National University linguist Anna Wierzbicka—perhaps the world’s leading authority on the ways different languages express emotion—says, “The glibness with which linguistic differences are at times denied in the current literature on happiness can be quite astonishing.”<sup>27</sup> According to Wierzbicka, “It is an illusion . . . to think that the English words *happy* and *happiness* have exact semantic equivalents in Chinese or, for that matter, in other European languages.”<sup>28</sup> She does not argue that cross-cultural and linguistic comparisons of self-reported subjective states are hopeless, but that cross-cultural and linguistic comparisons of self-reported *happiness* are. The English words “happy” and “happiness” do not have exact counterparts in every language, and they express sets of cultural expectations and ideals about the experience and expression of emotions that are not universal. “To be able to interpret self-reports across cultures,” she writes, “one needs a methodology for exploring cultural norms that may guide the interviewees in their responses.”<sup>29</sup>

Psychologists Ed Diener and Shigehiro Oishi find that Confucian-influenced Asian nations report lower levels of average self-

reported happiness than would be expected from their levels of wealth and the quality of their political institutions, whereas many Latin American countries post what seem to be inflated happiness scores, a difference they admit “could be influenced by response biases rather than actual experience. For example, the Japanese [who score unusually low on surveys] might not want to stand out from their group by saying they are very happy.”<sup>30</sup> They note that psychological and cultural “norms for feeling emotions, and the desire to fulfill the high expectations of others, can also have an effect” on happiness surveys.<sup>31</sup>

Of course, there is also cultural heterogeneity *within* societies, with some societies being more heterogeneous than others. It would seem to follow that nations like the United States, which absorb high numbers of immigrants from every part of the world, will yield samples that contain a large degree of nonrandom cultural variation in the way happiness survey questions are interpreted and answered. It’s worth emphasizing again that the political boundaries of modern states may or may not fall along national, ethnic, or cultural lines.

*Cultural* heterogeneity aside, economist Andrew Clark and coauthors have found that there is, in any case, a good deal of patterned diversity not only in the way people within societies translate variables like income into happiness, but in the way they *express* their happiness level in speech and on self-reported surveys.<sup>32</sup>

Suppose, for example, you and I both make \$50,000 per year, and we both report our happiness level as a 7 on a scale from 1 to 10. However, the fact that we circled the same number on the survey guarantees neither that we are equally happy nor that income affects our happiness equally. Suppose further that your level of satisfaction at \$50,000 a year is what mine *would* be at \$70,000 (holding other things equal). So I am, in fact, less satisfied than you are with the same income and life as a whole (since other things are equal). However, for some reason (cultural differences in the expression of feelings, dif-

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ferences in goals or expectations, different personality types, or whatever), our internal standards for translating feelings into language differ, so we end up reporting the same level of happiness despite the fact we do not feel the same.

Given the same input to experience (e.g., a certain income, a certain number of hours spent watching television, etc.), people can *feel* the same thing but *talk* about it differently. Harvard psychologist Dan Gilbert calls this “language-squishing.” Or people can feel differently, but talk about it the same way. Gilbert call this “experience stretching.” “The fundamental problem in the science of experience,” Gilbert writes,

is that if either the language-squishing or the experience-stretching hypothesis is correct, then every one of us may have a different mapping of what we say—and because subjective experiences can be shared only by saying, the true nature of those experiences cannot be perfectly measured.<sup>33</sup>

Gilbert attempts to solve the problem by appealing to the law of large numbers: “when [the number of individuals in the sample] becomes two hundred or two thousand, the different calibrations of these individuals begin to cancel one another out.”<sup>34</sup> As we’ve noted, the law of large numbers works when it washes out *random* variations in properties that are not systematically correlated with one another (i.e., that are “independent.”) However, if variation is nonrandom within a group—if, say, tendencies of language-squishing and experience-stretching tend to associate with other nonrandom properties—the overall average may be largely useless, conveying inaccurate information about *every* subgroup. It may be that the average weight of a group of Chihuahuas and mastiffs (we don’t know how many of each) is 36 pounds, but it’s not very helpful to know this. This sort of mixed sample is what Clark and coauthor’s have in mind when they note that “our results suggest that the blind aggregation of

diverse populations risks producing empirical results that are false for everybody.”<sup>35</sup>

In their study, Clark and his team “show that people are different,” and not randomly so, as they tend to fall into different classes of happiness survey response in predictable patterns based on a number of personal and demographic variables. Though they are unable to tease out which people fall into each class due to language-squishing and/or experience stretching, they are able to “strongly reject the hypothesis that individuals carry out these joint transformations [from income to experience and experience to self-reported happiness] in the same way.” This leads them to conclude that “aggregating data across diverse populations may be a dangerous practice.” They write that “individuals who seem to fall naturally into a number of different classes differ in ways that are far more complicated” than those picked up by studies that control for the effect of simple individual differences on happiness.<sup>36</sup>

In addition to systematic differences between individuals, the way people report their happiness is highly sensitive to context, threatening the reliability of surveys. In a series of papers, philosopher Dan Haybron has argued that life satisfaction judgments are highly labile and perspective dependent. Quite appropriately, people have different standards for assessing how well things are going, and they may employ different standards in different sorts of circumstances. The way we answer a question about how satisfied we are with life as a whole will depend on the standard that happens to be active at the time. “We are all familiar,” Haybron writes,

with the tendency we have to waver between appraising our circumstances by comparison with the less fortunate, with certain of our peers, or with the more fortunate. Compared to A things might be going swimmingly, but compared to B—or one’s *hopes, aspirations, expectations, past experience*, etc.—one’s situation might be dismal.<sup>37</sup>



In an award-winning paper, psychologist Michael Hagerty demonstrates that participants in self-reported happiness surveys do not all use the same internal standard for reporting their life satisfaction. Some report how well they are doing relative to their aspirations, or how they just happen to be feeling at the moment, but most report their life satisfaction with an eye to how well they are doing relative to their perceived peer group. However, Hagerty shows that the standard of judgment people use when reporting their level of happiness is contextual and malleable, and that we can easily switch our frame of reference when primed to do so. When asked to report how well they are doing *relative to their own and their parents' past*, self-reported happiness levels rose dramatically.<sup>38</sup>

Even more confounding, it is possible that we do not always have ready or reliable access to the quality of our own subjective states. After summarizing the various forms of access and reporting biases to which psychological research has shown we are subject, Dan Haybron concludes: "We cannot assume that people are reliable judges of their own affective states. In fact I suspect something stronger: that pervasive [affective ignorance] is not just a possibility, but the reality."<sup>39</sup> How is it possible they cannot always accurately judge our own inner lives? Psychological theorists Randy J. Larsen and Barbara L. Fredrickson argue:

If some emotional episodes are either outside phenomenal awareness or not represented in working memory, participants will be unable to perceive or recognize the feeling state accurately and, as a consequence, unable to provide accurate self-reports.<sup>40</sup>

A major problem in this regard is the human capacity for habituation, mentioned earlier as one of the three explanations for the Easterlin Paradox. If you've ever jumped into a swimming pool, cried out from the shock of the cold, and then, just a few minutes later, found yourself splashing around happily, no longer feeling cold at all, then

you've experienced habituation. If you buy a new high-definition television, you'll get an initial boost in pleasure as you marvel at the clarity of the picture, but after a while you'll simply forget what it was like not to see Simon, Randy, and Paula's pores. As former American Psychological Association president Martin Seligman writes: "This process [of habituation] is an inviolable neurological fact of life. Neurons are wired to respond to novel events, and not to fire if the events do not provide new information."<sup>41</sup> Although greater income may purchase conveniences, fancy cars, and neat gadgets, you simply get used to them and eventually revert to your ex-ante happiness "set point."

Hedonic or affective adaptation may be natural selection's way of allocating scarce attention and motivation efficiently, rewarding the organism for deploying its resources to new stimuli requiring immediate attention.<sup>42</sup> Furthermore, the dissipation of both good and bad feelings is likely to keep the organism motivated. We'd starve if we never again became hungry after eating one great meal. And if the satisfaction of our last achievement never faded, there might not be a next achievement. The upshot is that there is no "happiness bank" in which to accumulate and continually experience an ever greater sum of good feelings. It seems to be a condition of our biological emergence that happiness is evanescent. Mark Twain nailed it when one of his characters says, "as soon as the novelty is over and the force of the contrast dulled, it ain't happiness any longer, and you have to get something fresh."<sup>43</sup>

The phenomenon of adaptation cannot only help explain why average levels of self-reported happiness have tended not to rise, but it can also explain how the trend in self-reported happiness could remain flat even if the quality of experience was improving (or deteriorating). Adaptation may affect attention as well as feelings. Because the mind seeks novelty and quickly shunts off antiquated stimuli into the background of awareness, it is possible that we not only stop noticing after a while how great our new

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Audi looks, or how bad the paper mill smells, but also that we stop noticing the quality of our own experiential states once they, too, have become old news. We stop paying attention *especially* if a change in feeling persists. We might feel simply terrific and not notice, since we almost always feel terrific.

Besides the fact that most of us don't pay attention to how well we are doing compared to how things were in the past, we aren't usually mindful of just how well scientific and economic progress has rooted out many small and not-so-small aggravations and pains from life. Prior to the advent of modern sanitation and medicine, multitudes suffered from frequent low-grade bacterial infections and wandered around with toothaches and other chronic maladies.<sup>44</sup> It seems unlikely that people simply adapted to it and didn't *really* feel lousy after a while. It seems rather more likely that they felt lousy all along, but adapted *attentionally* rather than experientially. They simply stopped paying that much attention to the constant dull pain, irritation, and fatigue, because there was no new information in it. So if you had asked how they were feeling, they might have told you they felt fine, because they weren't paying attention by "design."

Similar points can be made regarding all the comforts and conveniences made available during the past half-century of flat self-reported happiness levels. It is conceivable that *none* of this has actually made a positive difference in the quality of people's subjective experience, but it seems more likely that we simply don't realize just how good we feel. This is one reason it is crucial for happiness research to focus more on the biochemical correlates of good and bad feelings in order to create a more trustworthy picture of how well we actually feel.

The usefulness of more objective, organic measures is illustrated by a study reported by Dan Haybron in his compelling, carefully argued paper, "Do We Know How Happy We Are?":

[Subjects in a noisy office] showed elevated epinephrine levels, made half as

many ergonomic adjustments to their workstations, and were markedly less persistent in efforts to solve difficult puzzles afterwards. Yet the researchers were surprised to find no differences in reports of perceived stress—specifically, reports about the extent to which subjects felt "bothered, worried, relaxed, frustrated, unhappy, contented, [or] tense. . . . It seems likely that given enough time, the experienced office workers . . . ceased to notice the unpleasant effects of the noise. Yet it also seems plausible that the noise affected not only subjects' physiological responses and behavior, but the hedonic quality of their experience as well: they experienced more stress, had a less pleasant time of it, than they would have without the noise.

If the contemporary developed world is like a less-noisy office, we may in fact feel better without knowing enough to say so.<sup>45</sup>

For all the ink spilled over the Easterlin Paradox, it is puzzling how seldom happiness researchers point out that while the scales on happiness surveys are bounded, there is no upper limit on the growth of income. This should be an obvious source of possible distortion in the happiness data. Suppose for a moment that happiness *does* rise continuously with income, and suppose further that people *do not* readjust their representations of the happiness scale as they become wealthier. In that case, there will be a point at which the entire population has finally climbed into the top happiness bracket. From that moment forward, average happiness *must* remain flat, simply as an artifact of the bounded scale, even if people continue to become happier as they continue to become richer. However, in light of the fact that people have quite limited access to the facts about how happy they are, it seems almost certain that we *have no idea* how happy it is *possible* to become—whether for humans in general or as individuals. With no knowledge of the real, empirical upper bound on happiness, and, a fortiori, no knowledge of

the relationship of one's feelings to the objective limit, it seems individuals have *no alternative* but to construct an internal representation of the happiness scale on the basis of historical and cultural convention ("Under what conditions do people *around here* generally say they are happy?") and on the basis of some kind of self or social comparison ("Everybody says Barb is really happy, and I guess I'm doing a little less well than Barb," or "I feel a lot better than I did last year.")

Even if happiness (as opposed to survey measures thereof) has no fixed upper limit, increasing individual levels of happiness may come at an increasing individual cost. Such, at any rate, is the suggestion made by Nobel Prize-winning economist Gary Becker and his coauthor Luis Rayo in a paper modeling the evolutionary logic of adaptation.<sup>46</sup> Becker and Rayo are thinking of "evolutionary cost," in the context of inclusive biological fitness, in order to demonstrate the possibility that natural selection might lead to preferences that limit the pursuit of happiness past a certain point. But it is possible to think of the increasing marginal cost of happiness in terms of *personal* cost if we accept that there are values other than happiness, and therefore, do not assume that happiness is the only "benefit" that may be of value to individuals. (Indeed, Becker and Rayo's argument sheds light on why evolution would lead us to value things that are in competition with happiness.) In that case, there may be a limit to how much people they are willing to "pay" to become happier. If someone has reached the point at which a marginal "unit" of happiness costs too much in terms of other values, then he will be *optimally happy* according to his individual preferences. If the cost of happiness, and willingness to pay for a marginal unit, varies from person to person, or from society to society, an individual's place relative to his optimal upper limit may be different than his place on some imagined objective scale. Therefore, one person may be happier than another relative to some objective happiness scale, yet further away from his own optimal upper bound.

However, it is not even necessary to accept the existence of values other than happiness to reach this result, since happiness itself seems to be multidimensional and plural in constitution, having complex biological underpinnings. First, neuroscientific studies have established that good and bad feelings do not exist on a single continuum—an increment of pleasure does not cancel out an equal increment of pain—and it is possible to feel happy and sad simultaneously.<sup>47</sup> Second, the fact that so many different hormones and neurotransmitters are causally implicated in different positive and negative feelings creates the possibility of what Dan Haybron calls an "affect-type bias." "When judging how happy we are, for instance, we may focus primarily on affects that fall along the joy-sadness dimension rather than on those, say, along the anxious-calm dimension," Haybron writes.<sup>48</sup>

When there are so many things going on at once biochemically and experientially, we cannot pay attention to it all, and we may find some types of good and bad feelings more immediately available to awareness, or more relevant for judgments about happiness. Further, we may not know how much weight to put on different dimensions of feeling for the purposes of generating a single summed judgment about our subjective well-being. Imagine, for example, a man concurrently experiencing anxiety about missing an appointment, satisfaction from a delicious lunch, excitement at having won the office fantasy football league, disappointment in his daughter's poor report card, and a shooting pain in his trick knee. If he's going to manage to make a judgment *at all* about how well he's feeling, he is going to *need* one dimension of feeling to stand out especially in attention (i.e., he may need an affect-type bias), lest he get stuck in the quagmire of determining just how much postprandial delight weighs against paternal frustration.

If there is no single common currency of affective experience, and feeling better on one affective dimension sometimes come at the expense of feeling better on another, then it is inevitable that people will have highly vari-

**Happiness seems to be multidimensional and plural in constitution, having complex biological underpinnings.**

**The panoply of measurement techniques and the multiplicity of dimensions of good and bad feeling force us to ask what it is exactly that researchers are attempting to measure.**

able and individualized exchange rates between dimensions of affect. Optimal happiness for one person, given her valuation of different dimensions of affect, is going to look very different from optimal happiness for another. Notice that this is the case even if we accept the dubious claim that *only happiness* is of value.

At this point, the very idea of objective happiness scales seems to dissolve into a morass of confusion. Can there be a determinate way to locate the upper and lower bounds of the happiness scale if, for example, happiness is multidimensional, and the positions on the anxiety-calm dimension have no set value relative to positions on the sadness-joy dimension? Although we may be able usefully to measure individual dimensions of happiness—whether it be calm, joy, sensual pleasure, self-esteem, a sense of self-efficacy and control, and so forth—we may not be able to measure happiness *as such* because Mother Nature has nowhere posted a table of exchange rates between the various kinds of feelings and mental states that are ingredients in individual conceptions of happiness. Happiness—as a simple, universal, unitary phenomenon—simply may not be out there in the world for the scientist to find.

**What Are We Trying to Measure?**

Julia Annas, an eminent historian of ancient philosophy and author of *The Morality of Happiness*—a scholarly book exploring ancient Greek conceptions of happiness—discovered one day that she had been added to a bibliography of happiness researchers on the World Database of Happiness website. Browsing around the site, she was discouraged to find nothing that resembled the conception of “happiness as achievement” she had developed from decades of studying Plato, Aristotle, and the Stoics. However discouraged, in the end Annas was not surprised “that if you rush to look for empirical measures of an unanalyzed ‘subjective’ phenomenon, the result will be confusion and banality. After all,” she continues, “what is it that the social scientists on the World Database of

Happiness are actually measuring? Here is the heart of the problem. Is happiness really something subjective? Is it simply a matter of pleasure, a positive feeling? One can at least hope it is not.”<sup>49</sup>

The panoply of measurement techniques and the multiplicity of dimensions of good and bad feeling force us to follow Annas and ask pointedly what it is exactly that researchers are attempting to measure. To say we are trying to size up “happiness” is to say *something*, but, unfortunately, not very much. Because, well, what is happiness?

While surveying the happiness literature, it is easy to get the impression that somebody—maybe even *everybody*—knows the answer. But if questions have sizes, then this is something like the Everest of questions. Its unavoidable shadow falls over the entire enterprise of happiness research, and accounts of successful expeditions give conflicting descriptions of the view from the summit. So far I have acquiesced in the indiscriminate use of the term “happiness,” but the various measurement techniques track different, if overlapping, phenomena. Furthermore, it is unclear that any of these techniques measure whatever it is that we are thinking about when we think about how much we would like to be happy.

In technical language, the question amounts to this: what is the dependent variable—the target of elucidation and explanation—in happiness research? Here are the main possibilities:

(1) Life satisfaction

A cognitive *judgment* about overall life quality relative to expectations.

(2) Experiential or “hedonic” quality

The quantity of pleasure net of pain in the stream of subjective experience.

(3) Happiness

Some state yet to be determined, but conceived as a something not exhausted by life satisfaction or the quality of experiential states.

(4) Well-being or welfare

*Objectively* how well life is going for the person living it.



The relationship between these four conceptions in the happiness literature is exceedingly complex. And the views of prominent happiness scholars fail spectacularly to converge on a single conception of happiness that could be used as a standard for the evaluation of institutions and public policy. The extent of disagreement about the constitution and measurement of happiness is best grasped by looking at the views of a few prominent happiness scholars.

Let's start with Richard Layard, who in his book *Happiness* blithely merges all four notions into one (or jumps from one to another with abandon), assuming that well-being is no more or less than happiness, that happiness is no more or less than a flow of pleasant experience, and that life satisfaction surveys reliably indicate the average hedonic quality of the stream of subjective states.<sup>50</sup> Layard proudly declares himself an unreconstructed disciple of British utilitarian philosopher Jeremy Bentham, who held that happiness or "utility" is no more or less than pleasurable experience, and that his Principle of Greatest Happiness—that the right action or rule is always the one that will maximize happiness so construed—is the one and only evaluative standard for both individual and political decisionmaking. "I believe that Bentham's idea was correct," Layard confesses, "and that we should fearlessly adopt it and apply it to our lives."<sup>51</sup>

Nobel Prize-winning Princeton psychologist Daniel Kahneman—a good bet as the most influential living experimental cognitive psychologist—also takes a page from Bentham and conceives of happiness in line with idea (2), the quality of experience on a pleasure/pain or good/bad continuum.<sup>52</sup> However, unlike Layard, Kahneman forcefully denies that idea (1), judgments of life satisfaction, reliably track the hedonic quality of experience over time.

In a famous 1996 study on the ability of patients to recall the painfulness of an unpleasant medical procedure (a colonoscopy), Kahneman, together with medical researcher Donald Redelmeier, demonstrated that patient self-

reports *after the fact* systematically fail to reflect the actual average intensity of pain they had reported on a pain scale every 60 seconds *during* the procedure.<sup>53</sup> "The retrospective evaluations of patients are suspect because they are liable to biases of memory and to a process of evaluation that sometimes violates elementary logical rules," Kahneman writes.<sup>54</sup> He is therefore motivated to distinguish between the "remembered utility," the retrospective evaluation of an episode, and the "total utility," the aggregation of "moment utilities" over a period of time. According to Kahneman, "subjective happiness" is (unreliably) "remembered utility," and "objective happiness" is the "total utility" over your life so far. "The implication of this analysis," Kahneman argues, "is that the goal of policy should be to increase measures of objective well-being, not measures of satisfaction or subjective happiness."<sup>55</sup> Kahneman has therefore developed the experience sampling and day-reconstruction self-report methods in order to minimize the distortions of broad-brush self-report measures like happiness surveys.

So Richard Layard and Daniel Kahneman, perhaps the two most eminent proponents of a classically utilitarian, hedonistic conception of happiness, disagree fundamentally about the measurement techniques that best provide information about happiness as they understand it. According to Layard, "It is the long-term *average* happiness of each individual that this book is about, rather than the fluctuations from moment to moment," yet his policy proposals lean heavily on precisely the kind of life satisfaction survey data that Kahneman has proven to fail in extracting an accurate average from the hedonic flow.<sup>56</sup>

Is the unadorned hedonistic notion of happiness and well-being advanced by Layard and Kahneman as the basis of a "science" of happiness and well-being actually *true*? That's not a scientific question. It's a philosophical question about the nature of moral value, and philosophical questions about moral value aren't what economists and psychologists are trained to answer.

Is happiness really nothing more than a relatively high average quantity of pleasure

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over one's lifetime? As philosopher Robert Nozick noted, a miserable life with a moment of transcendent bliss at the very last moment may have higher *average* hedonic utility than a normal life with normal satisfactions, but few of us would choose the former.<sup>57</sup> Similarly, a life that starts out at a peak of immense happiness but slowly erodes so that each moment is slightly less pleasant than the last may contain a greater average of hedonic utility than a normal life, but, again, only a masochist would want it. It is plausible that many or most of us value the *distribution* of pleasure over the course of life: we may value a life that feels good generally and gets better over time more than, say, a hugely volatile life of towering peaks of pleasure and deep pits of despair, even if the latter is more pleasurable on average. Which is just another way of saying we don't necessarily value episodes with more total pleasure over episodes with less.

We also have Nozick to thank for the famous thought experiment of the "experience machine," a device in which we live out the rest of our lives in something like a coma, but with the vivid experience of the most pleasurable life we can possibly imagine.<sup>58</sup> Nozick argues that the fact so many of us would choose a less pleasurable life with real engagement, real accomplishment, and real failure over an ideally blissful life of illusion plugged into the machine—even were we *completely confident* that it would work exactly as advertised—shows that pleasure cannot be the only thing we value.

"Time and philosophical fashion have not been kind to hedonism," notes University of Toronto philosopher Wayne Sumner, the author of an influential treatise on well-being. "Although hedonistic theories of various sorts flourished for three centuries or so in the congenial empiricist habitat, they have all but disappeared from the scene. Do they now merit even passing attention, for other than nostalgic reasons?"<sup>59</sup> University of Alabama economist and philosopher of science Erik Angner observes that the hedonistic conception of happiness and well-being is

"now considered so implausible that there is not a single living philosopher (to the best of my knowledge) who is willing to defend it."<sup>60</sup>

It's not only moral philosophers who disagree with Layard and Kahneman (who disagree with each other about what would count as evidence that someone is happy). Other happiness researchers disagree with them, too, and with each other.

Julia Annas may be heartened to know that a number of happiness researchers do integrate Aristotelian, or eudaimonistic, ideas of happiness as objective flourishing into their studies. Martin Seligman, the doyen of the "positive psychology" movement, argues that the "measurable components of what people mean by happiness" include pleasure, eudaimonia (which he characterizes as "engaged well-function"), and a sense of meaning in life.<sup>61</sup> In *Happiness: The Science Behind Your Smile*, University of Newcastle psychologist Daniel Nettle conceives of "happiness" as a multivalent term encompassing three distinct "levels." For Nettle, "Level One" happiness consists of "momentary pleasures." "Level Two" happiness consists of "judgments about feelings," the same idea captured by "life satisfaction." Level Three" happiness is taken to concern "quality of life," which Nettle sees as eudaimonistic "flourishing" or "fulfilling one's potential"—a more objective notion of well-being.<sup>62</sup> Carol Ryff identifies two traditions in well-being research, one focused on "hedonic well-being"—the SWB that dominates happiness research—and one focused on "eudaimonic well-being," which she characterizes as "perceived thriving vis-à-vis the existential challenges of life" and labels "psychological well-being" or PWB.<sup>63</sup>

Seligman, Nettle, and Ryff's complex conceptions of happiness and well-being are similar, attempting to frame a notion of happiness richer than simple pleasure, but they also differ in important respects. In any case, it is apparent that most current techniques for measuring happiness—such as life satisfaction survey questions or experience sampling—capture only a small part (perhaps the

least profound part) of the larger idea of happiness or well-being each has in mind. While complex conceptions of well-being are more nuanced—and for that reason alone more plausible as accounts of a good human life—than Layard or Kahneman’s hedonism, their complexity also creates daunting problems of measurement. And even if any of them are measurable, their complexity threatens to make them unfit as standards for the evaluation of public policy.

A study by Ryff and her coauthors comparing measures of hedonic SWB with eudaimonic PWB helps illustrate why. Ryff and her team found that although SWB and PWB are generally strongly correlated, they come apart for some people due to factors of individual personality. “We found,” they wrote, “that those with high levels of psychological thriving (i.e., PWB) but low levels of happiness (i.e., SWB) were distinguished from their opposite counterpart (high SWB/low PWB) by their levels of Openness to Experience.”<sup>64</sup>

The point here is that if there is more than one dimension to happiness or well-being, then there may be trade-offs between them, at least for some people. If life satisfaction and positive affect aren’t all there is to happiness or well-being, then the attempt to maximize them may come at the expense of something else of value, such as a sense of challenged thriving. And in that case, even a benevolent dictator endowed with perfect knowledge would be unable to maximize all dimensions at once. The dictator would have to make a value judgment about which dimension of happiness is most important. But even then: most important to *whom*?

As I suggested in the previous section, the complex biochemistry of good and bad feelings suggests that there are *many more* than two dimensions even to hedonic well-being, and so trade-offs among them are inevitable. The noise, bustle, and danger of a big city are no doubt a source of higher levels of cortisol and thus stress. Which is one important reason some people would rather live in the country. But cities can also be a greater source of stimulating novelty—more short bursts of

dopamine—which is one important reason people choose to live in cities. So is it better, in terms of good and bad feelings, to live in the country or the city? It depends on how much you value peace vs. stress, familiarity vs. novelty. If there is no external standard for determining the value of different dimensions of affect, then there is no universally right answer. Better for *whom*?

Whether it is better, in terms of feelings, to live in the city or the country may be no different than the question of whether it is better, in terms of feelings, to live in Sweden or the United States. Some Americans may feel better in Sweden, and, judging from Minnesota, many Swedes may feel right at home in America.

Philosopher Nicolas White argues that people don’t want to be *happy* as much as to achieve their aims, whatever they may be. The concept of happiness surely involves some level of positive experience, but by and large it is a blank that we fill in by the achievement of our plans, projects, and goals. As we change our goals, balance conflicting desires, and amend and specify the details of our plans, our conceptions of happiness changes:

As we develop a picture of what life is to be like, we don’t start from a “framework” concept of happiness (an idea of what the picture on the puzzle is to be), to which we tailor our particular aims so that they’ll fit into it. . . . For the most part, we build up a conception of what happiness would be out of the aims that we have. But we never have or try for a *completely and consistently articulated* concept of happiness, or even suppose that there must be such a thing. . . . If that’s right, then in an important sense the history of the concept of happiness has been a search for something that’s unobtainable.<sup>65</sup>

And if that’s right, happiness is not measurable, since there is no one thing independent of individual aims “out there” to measure. This is not to say that the various dimensions of good and bad feeling are not each

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measurable. Nor is this to say that a sense of challenged thriving, a sense of meaning, or the sense that life is satisfying is beyond the reach of measurement and analysis. The point is simply that different people with different aims may prioritize each of these things quite differently and yet be equally concerned with their "happiness." There is no order of such priorities that represents happiness *par excellence*, and an evaluative standard biased toward any one of them isn't a standard committed to *happiness per se*.

Moreover, there are plausibly *nonsubjective* aspects of well-being, such as health, longevity, real opportunity, the development of basic human capacities, and the achievement of values other than happiness. Not only do people give different weights to the various elements of happiness and well-being, people don't even agree about what they *are*. What's more, many people don't even agree that happiness or well-being, *however conceived*, is the greatest good. The fact of disagreement over the nature of happiness, or the nature of the good more generally, does not establish that there is no right answer to these questions. The presence of disagreement among reasonable people is simply an empirical fact—what philosopher John Rawls calls "the fact of pluralism"—that places a hard constraint on both the practical success and moral legitimacy of policies derived from any evaluative standard.<sup>66</sup>

Politics can manage the fact of pluralism by looking to general values common across otherwise conflicting worldviews. "People can agree, for example, on the importance of having opportunities for self-expression (the exact form of these opportunities being as yet unspecified) even though they disagree sharply over the merits of particular speeches, plays, demonstrations, etc.," notes Harvard political philosopher T. M. Scanlon. "Similarly, people who hold very different and conflicting beliefs may still be able to agree that 'being able to follow one's religion' is (for those who have one) an important part of life, and consequently a personal value that must be given significant weight in moral argument."<sup>67</sup>

Likewise, almost no one denies that happiness is important (not in Western societies at least), even if some deny that it is *most* important. And whatever different people think about how happiness is constituted, most of us would like more pleasure, more "flow," a greater sense of meaning, and a greater sense of self-efficacy in the face of life's challenges. If a psychologist ambles up to you with a clipboard, and asks how happy you are with life as a whole, then, if you're like me, you would like to be able to sincerely say: "very happy."

Despite the foregoing criticisms, happiness research as it stands is far from useless. We can make the best use of it if we don't naively assume that *happiness* is really the primary subject of measurement and research, as if the elusive nature of happiness has been pinned down at long last. Happiness research does tell us something about how we feel, and it tells us *a lot* about the conditions under which different kinds of people are inclined to say that they are satisfied or unsatisfied with life. Good feelings are important, and so are culture-laden judgments that life is going well, even if happiness is more and less than that. It would be pretty incredible if the disposition to say that we are happy on a survey didn't correlate well with certain good feelings and other good things. And the evidence is clear that it does.

I have done my best to expose the weaknesses of the dominant survey methods in order to provide a much-needed counterweight to the often complacent confidence in their reliability and lack of care in the interpretation of their results. When intellectuals and politicians use putatively scientific data for political purposes, it is important to apply careful scrutiny to their methods and to the way their results are interpreted and used. If, however, we are very careful when comparing happiness survey results across different cultures or across long periods of time; or when looking at studies that make no note of individual personality differences, that do not follow the same individuals over time, or that sample an exceptionally diverse population, it



is possible to glean solid information about things almost all of us care about that ought to have real weight—if not all the weight—in our public deliberation about our political and economic institutions and policies. In that regard, it is heartening that recent studies deploy more sophisticated research designs, better econometric techniques, better theoretical constructs, larger data sets, and integration with more objective and rigorous biological measurement techniques.

So let's return to our main question: do these studies show that the political and economic institutions of the United States are failing its citizens in their pursuit of happiness?

## Is There Something Wrong with the United States?

Happiness research presently falls short as good science and fails to get off the ground as an adequate ethical standard for evaluating public policy. These conclusions admittedly follow from a fairly complex train of reasoning starting from a number of contestable assumptions that are impossible to vindicate fully in such a short space. Maybe you're not entirely convinced. That's okay.

Even if you don't buy the foregoing analysis of the complex methodological and philosophical problems that dog happiness research; even if you remain convinced that recent survey-based scholarship really does give us highly reliable and useful information on the determinants of happiness and well-being; even if you think happiness so conceived really is the primary target at which policymakers ought to aim, it remains possible to accept survey-based happiness research at face value and show that the U.S.-style socioeconomic model is not only a recipe for immense riches, which no one disputes, but a winning recipe for happiness.

A casual glance at the comparative international happiness data is enough to make us wary of the claim that there is some special problem with the United States relative to other nations in terms of happiness. Consider, for

example, Figure 1, which presents psychologist Adrian White's "Map of World Happiness" based on the World Database of Happiness international rankings.

The United States is evidently among the world's happiest nations, on par with Canada, Australia, New Zealand, Ireland, Norway, Sweden, Switzerland, and a few surprises, like El Salvador and Nigeria. Notably, the largest European social democracies, Germany and France, fall one or two ranks below the United States.

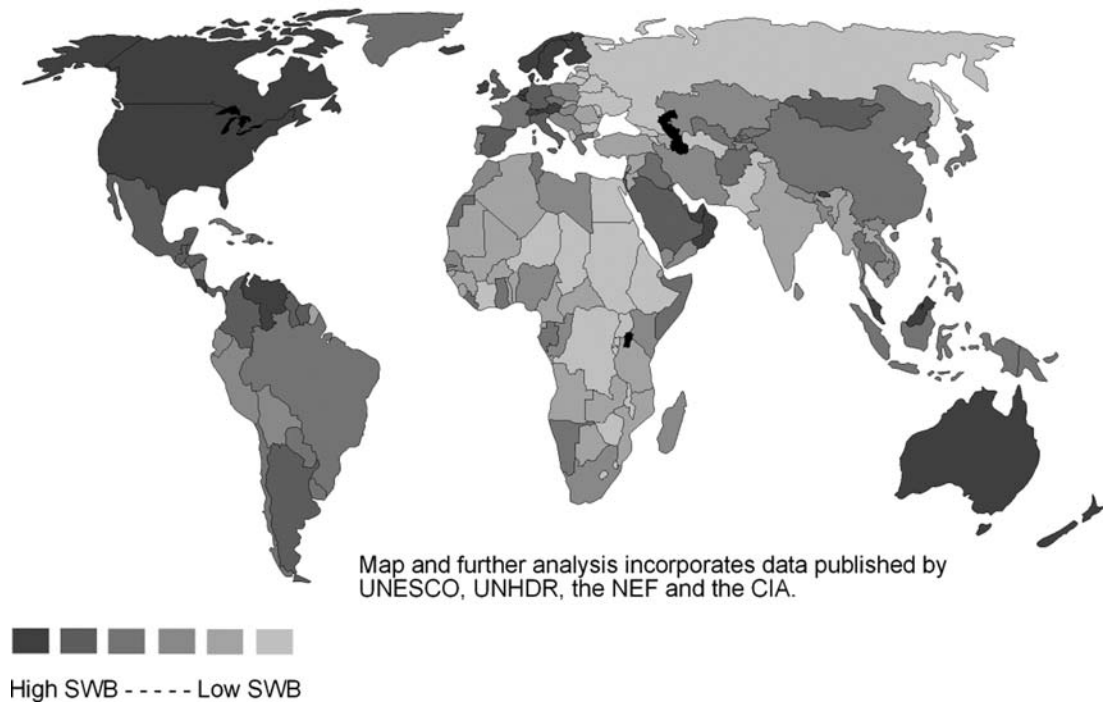
In various rankings using different surveys, the United States consistently ranks from the mid-teens to the mid-twenties out of more than 200 countries—in or around the 90th percentile—in terms of average self-reported happiness. A 2005 Harris poll using the Eurobarometer questions found the United States to be happier than every European country, other than Denmark. Or consider Table 1, which lists the top 50 countries in self-reported happiness according to the World Values Survey. The United States ranks higher than Sweden, Norway, Belgium, Finland, Germany, and France. So much for Benjamin Radcliff's claim that "life satisfaction should increase as we move from less to more social democratic welfare states."<sup>68</sup> If we take the data at face value, the obvious conclusion is that the United States is among the happiest places in the world.

As noted in my introduction, psychologist Geoffrey Miller believes that "the utilitarian argument for the rich giving more of their money to the poor is now scientifically irrefutable."<sup>69</sup> Would Americans be happier with a larger and more generous welfare state? If the argument for downward redistribution is "irrefutable," then the evidence for it ought to shine forth in the data. According to Dutch sociologist Ruut Veenhoven, chief of the World Database of Happiness and founder and editor of the *Journal of Happiness Studies*, there is barely a flicker of a finding for a welfare-happiness connection:

Contrary to expectation there appears to be no link between the size of the

**If we take the data at face value, the obvious conclusion is that the United States is among the happiest places in the world.**

**Figure 1**  
**A Global Projection of Subjective Well-Being**



Source: Adrian G. White, "A Global Projection of Subjective Well-being: A Challenge to Positive Psychology?" Department of Psychology, University of Leicester, <http://www.le.ac.uk/pc/aw57/world/sample.html>.

welfare state and the level of wellbeing within it. In countries with generous social security schemes people are not healthier or happier than in equally affluent countries where the state is less open-handed. Increases or reductions in social security expenditure are not related to a rise or fall in the level of health and happiness either.<sup>70</sup>

Another Dutch happiness researcher, Piet Ouwenneel of Erasmus University, Netherlands, conjectured that at least the *unemployed* would have higher average well-being, according to a number of indicators, in nations that spent a larger percentage of GDP on welfare. But greater welfare spending had no statistically significant effect—even on the happiness of the unemployed. While larger welfare states generally do achieve lower levels of income inequality through redistribution. "This apparent income

redistribution does not have any significant effect on the subjective well-being of the unemployed. The general picture is that they are neither happier nor healthier in welfare states."<sup>71</sup> Ouwenneel concludes that "in first world nations there is no consistent pattern of social security levels having a positive effect on well-being indicators."<sup>72</sup>

By contrast, Notre Dame political scientist Benjamin Radcliff does find a small statistically significant positive effect of generous welfare spending on average happiness, and Harvard economist Rafael Di Tella finds a small boost from generous unemployment benefits. Ouwenneel, however, criticizes both studies for comparing a very small set of countries. Further, he notes both were able to achieve statistical significance only by treating successive years in these countries as independent data points—a methodological faux pas.<sup>73</sup>

The most conservative inference to draw

**Greater welfare spending had no statistically significant effect—even on the happiness of the unemployed.**

**Table 1**  
**Subjective Well-Being Rankings of 50 Countries**

1.	<i>Puerto Rico</i>	4.67	26.	<b>France</b>	<b>2.61</b>
2.	<i>Mexico</i>	4.32	27.	<i>Argentina</i>	2.61
3.	<b>Denmark</b>	<b>4.24</b>	28.	<u>Vietnam</u>	<u>2.59</u>
4.	<b>Ireland</b>	<b>4.16</b>	29.	<i>Chile</i>	2.53
5.	<b>Iceland</b>	<b>4.15</b>	30.	Taiwan	2.25
6.	<b>Switzerland</b>	<b>4.00</b>	31.	<i>Domin.Rep.</i>	2.25
7.	<b>N. Ireland</b>	<b>3.97</b>	32.	<i>Brazil</i>	2.23
8.	<b>Netherlands</b>	<b>3.86</b>	33.	<b>Spain</b>	<b>2.13</b>
9.	<b>Canada</b>	<b>3.76</b>	34.	<b>Israel</b>	<b>2.08</b>
10.	<b>Austria</b>	<b>3.69</b>	35.	<b>Italy</b>	<b>2.06</b>
11.	<i>El Salvador</i>	3.67	36.	<u>E. Germany</u>	<u>2.02</u>
12.	<i>Venezuela</i>	3.58	37.	<u>Slovenia</u>	<u>2.02</u>
13.	<b>Luxembourg</b>	<b>3.52</b>	38.	<i>Uruguay</i>	2.02
14.	<b>United States</b>	<b>3.47</b>	39.	<i>Portugal</i>	1.99
15.	<b>Australia</b>	<b>3.46</b>	40.	<b>Japan</b>	<b>1.96</b>
16.	<b>New Zealand</b>	<b>3.39</b>	41.	<u>Czech Rep</u>	<u>1.94</u>
17.	<b>Sweden</b>	<b>3.36</b>	42.	South Africa	1.86
18.	Nigeria	3.32	43.	<u>Croatia</u>	<u>1.55</u>
19.	<b>Norway</b>	<b>3.25</b>	44.	Greece	1.45
20.	<b>Belgium</b>	<b>3.23</b>	45.	<i>Peru</i>	1.32
21.	<b>Finland</b>	<b>3.23</b>	46.	<u>China</u>	<u>1.20</u>
22.	<b>Saudi Arabia</b>	<b>3.01</b>	47.	South Korea	1.12
23.	<b>Singapore</b>	<b>3.00</b>	48.	Iran	0.93
24.	<b>Britain</b>	<b>2.92</b>	49.	<u>Poland</u>	<u>0.84</u>
25.	<b>W. Germany</b>	<b>2.67</b>	49.	Turkey	0.84

Source: Based on Ronald Inglehart, "Subjective Well-Being Rankings of 82 Societies," World Values Survey. [http://www.worldvaluessurvey.org/Upload/5\\_wellbeingrankings.doc](http://www.worldvaluessurvey.org/Upload/5_wellbeingrankings.doc) Latin American countries, which score higher than predicted given the quality of their economic and political institutions, are in italics. The wealthy OECD countries are in bold. Ex-communist countries are underlined. East and West Germany are scored separately to reflect the effects of their different institutional histories.

from the existing happiness literature is that if the redistributive openhandedness of the state has any effect on happiness at all, it is a surpassingly small one. When slightly different econometric techniques using slightly different datasets generate weak correlations in opposite directions, the correct lesson to draw is that the variable barely matters at all. If Americans are less happy on average than citizens of some other nations—and we are happier than all but a handful—the scope and generosity of the welfare state has little or nothing to do with it.

If relatively lavish welfare spending fails to increase happiness, other forms of government spending might nevertheless succeed. One reason big government could have a pos-

itive effect on happiness, aside from progressive redistribution, is that a higher rate of government spending as a percentage of GDP might indicate better provision of the kinds of public goods that unaided market institutions are often thought to be incapable of providing.<sup>74</sup> But economists Christian Bjornskov, Axel Dreher, and Justina Fischer find that "life satisfaction *decreases* with higher government spending."<sup>75</sup> Intriguingly, they also find that the "negative impact of the government is stronger in countries with a leftwing median voter"—which is to say, in places where voters most *want* big government.

Advocates of progressive taxation and income redistribution through welfare transfer payments often attempt to justify those

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policies not only in terms of the increased well-being of the least well-off, but in terms of the overall importance of reducing income inequality generally. In theory, high relative income and social status are important to happiness, and we are therefore aggravated by the conspicuous display of goods we cannot afford. If true, it would make sense for a leveling of incomes to have some positive effect on happiness. But, again, empirical evidence is hard to come by.

Alberto Alesina, Rafael Di Tella, and Robert MacCulloch have found that inequality in the United States has *no* effect on the self-reported happiness of the poor. “Probably the most striking result of all is the complete lack of any effect of inequality on the happiness of the American poor and the American left,” they report. There is a very small statistically significantly negative effect in the United States, but it is driven almost entirely by the effect of inequality on *the rich*. This is so striking in part because it is basically the reverse of the situation in Europe, where there is a much larger negative effect of inequality, due mostly to the dislike of inequality by the poor and left-wing voters.<sup>76</sup>

This contrast between Europe and the United States raises a crucial point about the interpretation of the effect of macroeconomic variables on happiness—namely, their effect is culturally and ideologically mediated. The authors argue that the different effects of inequality in Europe and the United States are due largely to different prevailing attitudes about income mobility. Whether or not their beliefs are realistic, Americans—even the poor and the left-wingers—have a strong faith in the possibility of upward mobility, at least compared to Europeans. Under those conditions, the fabulously rich demonstrate to other Americans just how astronomically high it is possible to rise and stand out as figures of admiration and emulation. (This is perhaps why rich-bashing populism is a perpetual electoral failure in U.S. politics.) The American rich also believe strongly in mobility, but where there are wide income disparities, they see all too clearly how far they could fall. Of

course, it is possible to criticize Americans for having unrealistic beliefs about mobility, for they *are* generally unrealistic, especially among the poor. But if inequality has no negative effect on happiness independent of attitudes toward mobility, it seems that a happiness-promoting policymaker would want to encourage, not discourage, the American conviction in mobility.

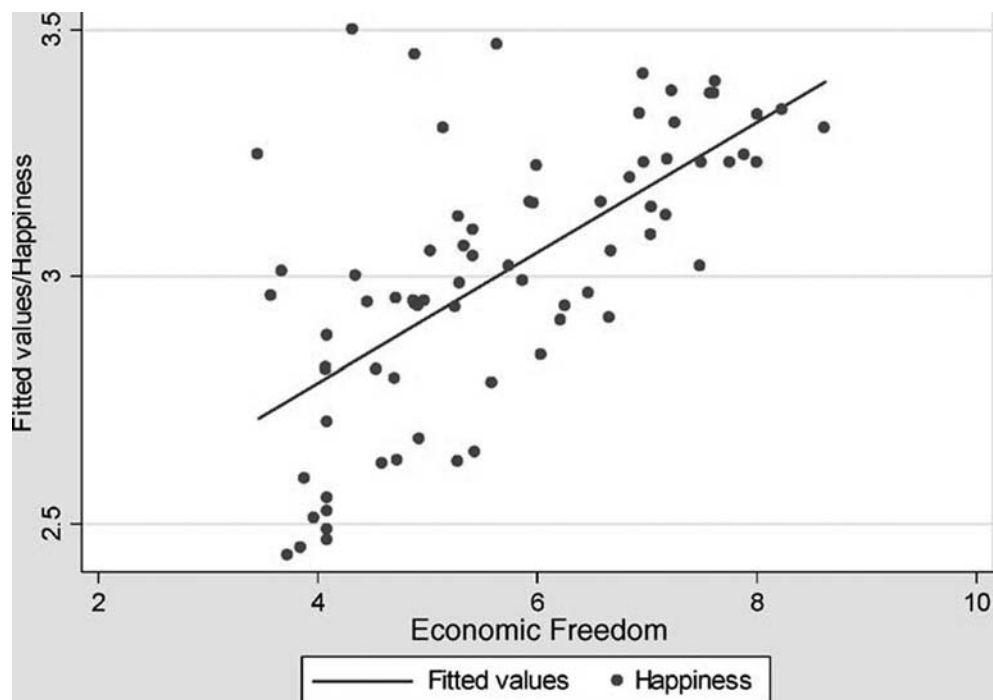
By most measures, income inequality has been rising in the United States. However, inequality in *happiness* has declined. Rising income inequality, then, does not imply a widening gap in satisfaction with life. On the contrary, Americans are becoming more equal in happiness even as the income gap widens. Sociologist Jan Ott finds that rising average levels of happiness go together with decreasing levels of happiness *inequality* because the “level and equality of happiness depend eventually on the same institutional conditions.” And the institutions of wealth creation are among the most important: “Wealth contributes to higher levels of happiness and creates ample possibilities to reduce inequality in happiness,” Ott writes.<sup>77</sup>

The creation of wealth depends on a complex system of underlying economic, legal, and cultural institutions. Other things equal, nations that ensure their citizens’ greater economic freedom are also wealthier. The United States is the most visible embodiment of the ideals of economic freedom on the world stage. However, emphasis on the importance of distinctively *economic* freedom in the happiness literature is relatively new, which is perhaps one reason the ideals of relatively unhampered markets and open exchange—ideals strongly associated with the United States on the world stage—have yet to get adequate emphasis in popular accounts of happiness research.

Ott finds that economic freedom as measured by both the Heritage Foundation and the Fraser Institute correlates strongly with high and highly equal levels of happiness—as strongly as almost any variable.<sup>78</sup> Veenhoven finds that economic freedom correlates more strongly with happy-life-years (HLY) than any



**Figure 2**  
**Self-Reported Happiness and Economic Freedom**



Source: Tomi Ovaska and Ryo Takashima, “Economic Policy and the Level of Self-Perceived Well-Being: An International Comparison,” *Journal of Socio-Economics* 35 (2006): 314.

variable other than wealth (as measured by purchasing power per capita) and degree of social tolerance (i.e., acceptance of pluralism).<sup>79</sup> And in the largest study on economic freedom and happiness yet conducted, economists Tomi Ovaska and Ryo Takashima find that economic freedom is the variable *most* highly correlated with self-reported happiness (see Figure 2). According to Ovaska and Takashima:

Compared to the GDP per capita measure, the index of economic freedom—personal choice, freedom to compete and the security of privately owned property as its core components—turned out to be about four times as important, as measured by elasticities. This indicates that the newly found interest of economics and of policymakers in measures of institutional quality

is well placed. Based on the regression results, economic freedom holds some promise in serving as one of the policy tools that could be potentially used to increase the SWB of a nation’s population.<sup>80</sup>

According to Ovaska and Takashima, “The results suggest that people unmistakably care about the degree to which the society where they live provides them opportunities and the freedom to undertake new projects, and make choices based on one’s personal preferences.”<sup>81</sup>

According to the Heritage Foundation’s 2007 *Index of Economic Freedom*, the United States ranked fourth, behind Hong Kong, Singapore, and Australia. And according to the Fraser Institute-Cato Institute 2006 *Economic Freedom of the World Report*, the United States was in a three-way tie for third

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with Australia and Switzerland, behind Hong Kong and Singapore. The evidence is extremely strong that the outstanding level of economic freedom in the United States has a strong effect on its high showing in the international happiness comparisons. Any policy package aiming to improve American happiness should have initiatives to improve economic freedom at the forefront.

A fair look at a number of the most recent, and most sophisticated, happiness studies suggests that the United States, far from being a problem country, exemplifies many of the institutional virtues that strongly predict high levels of national self-reported happiness. Although the United States is routinely criticized by Europeans and its own political left for a stingy welfare state and high levels of income inequality, there is *almost no evidence* in the happiness literature to support the idea that Americans would be better off with either lower levels of income inequality or a policy of more generous welfare transfers. The high levels of economic growth and economic freedom in the United States are effectively increasing the average American level of happiness while decreasing inequality in life satisfaction between its citizens.

If we take the current international comparisons at face value, one very clear picture emerges: advanced, liberal-democratic market economies are the happiest places on Earth. However, if we descend from such rarefied heights of generality, the picture goes blurry. The data are too coarse to distinguish among packages of specific policies—to tell us, for example, that we would be happier with mandatory paid maternity leave, or with greater restrictions on the content of advertising to children. As with inequality, we will often find that the effect of policy on happiness is mediated by culturally specific beliefs and attitudes. So, beyond a general recommendation to increase economic freedom and eliminate policies that hinder economic growth (which I will discuss in detail below), there is almost no *specific* guidance here for a policymaker. The picture that does emerge from the data is most emphatically *not* a pic-

ture of American misery, nor does it even hint at a problem with America's conduciveness to happiness relative to the European social democracies.

## Taxing Ambition

As noted at the outset, some of the most compelling happiness-based arguments for income redistribution are built on the alleged importance of *relative* as opposed to *absolute* income and wealth. However, these arguments are much more theory-driven than data-driven, turning on a very particular hypothesis about the role and importance of social status in human life. We have already seen that the empirical happiness-based case for reducing inequality and increasing welfare spending is extraordinarily weak. It should not be surprising, then, that a hypothesis about human nature that leads to poor predictions about inequality and redistribution should also be ill-supported by the facts. However, because the relative position hypothesis is so compelling to some very fine minds, it is important to understand in detail why it fails and why the importance of relative position provides no credible happiness-based case for more redistribution.<sup>82</sup>

The politics of relative position encourages us to see life as a competitive climb up a ladder of status. If there can be only one person per rung on any dimension of status or rank, then each step up the ladder for one person logically requires a step down for another. You can't make space for an eleventh restaurant or university on a "Top Ten" list, just as two runners can't both come in first. Competition for higher position is a paradigmatic zero-sum game—every move up is offset by a corresponding move down. So if inherently scarce positional goods like ladder rank are highly valued, then whenever you get a raise, a promotion, or a swank new suit, you must create a shower of negative psychic consequences that rain on those occupying the rungs below.

According to Layard, Frank and others, we fiercely value inherently scarce positional

goods because we fiercely value status—the ultimate positional good. This explains, they posit, why average self-reported happiness has not gone up over time, though wealthier people at any time are more likely to be happier. Higher relative standing makes us happier, but the middle of the income distribution is the middle, no matter how big the number. So there is no avoiding the positional downside of every positional upside. But, they insist, we cannot simply shrug off the inevitable cruelty of a world in which our interests are in irreconcilable conflict. Policy must take human nature seriously and do what it can to help. We should take the dismay and anxiety caused by zero-sum competition over positional goods just as seriously as sludge dumped in a stream, the roar of jets at a nearby airport, or other classic examples of negative spillover effects (or “negative externalities”) of economic activity.

In addition to the “harms” caused by any upward positional move, Frank and Layard worry about the negative effects of positional “arms races.” If I try hard to move up the positional ladder, the people just ahead will try harder still to maintain their lead. In the end, we’re all likely to wind up about where we started in terms of relative position, but we’ll all be exhausted by the race. As an illustration, Frank highlights the signaling function of fashion:

If some job candidates begin wearing expensive custom-tailored suits, a side effect of their action is that other candidates become less likely to make favorable impressions on interviewers. From any individual job seeker’s point of view, the best response might be to match the higher expenditures of others, lest her chances of landing the job fall. But this outcome may be inefficient, since when all spend more, each candidate’s probability of success remains unchanged. All may agree that some form of collective restraint on expenditure would be useful.<sup>83</sup>

Frank argues that it is often impractical or

impossible for individuals to negotiate a truce, so a trusted third party—the state—must step in and impose a price cap or a tax on fancy suits (or cars, houses, or whatever) in order to mitigate the “harm” caused by self-defeating attempts to get ahead.

The intractability of zero-sum positional competition for Frank and Layard flows from a rather nasty conception of human nature, according to which we are dominated by a universal, inflexible, deep-seated, status-seeking instinct, together with a remarkably narrow, materialistic conception of how positional competition is culturally mediated. Theirs is a distressingly agonistic vision of the human predicament in which life is irremediably brutish and nasty, if not short. “The desire for status is utterly natural,” Layard writes. “But it creates a *massive problem* if we want to make people happier, for the total amount of status is fixed . . . If my score improves, someone else’s deteriorates.”<sup>84</sup>

In our original evolutionary context, Frank argues, higher-rank individuals would have had greater access to material resources and the highest quality mates, increasing the proportion of their genes in future populations. Therefore, Frank concludes, “it would be strange indeed if the relentless forces of natural selection had not honed a human brain that strongly motivated its bearer to seek high rank.”<sup>85</sup> Mother Nature has doomed us, like other primates, to act as status-seeking missiles.

Layard recognizes this line of thought may sound ugly to certain ears. Accordingly, he imagines a critical “libertarian” who objects that public policy based on our status-fixation affirms and rewards an “ignoble sentiment [like envy] that ought to be disregarded.” He responds:

This is an extraordinarily weak argument. Public policy has to deal with human nature as it is. The desire for status is after all ubiquitous, and we all recognize it. Greed is also common, and libertarians do not disallow it. Both sentiments are features of human nature.

**The intractability of zero-sum positional competition for Frank and Layard flows from a rather nasty conception of human nature.**

**A sensible  
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benign or even  
beneficial cultural  
forms.**

We are not perfect, and public policy should help us make the best of what we are.<sup>86</sup>

Layard is concerned to get us to take the inescapability of status-racing seriously, or else his argument for taxes on positional “pollution” will fall apart. He’s right that we must deliberate about policy “taking men as they are and laws as they might be,” as Rousseau put it.<sup>87</sup> And we should not be surprised to find that our theory of human nature will largely determine which laws and institutions seem feasible and desirable. However, although Frank and Layard’s forays into speculative evolutionary psychology may be better than “extraordinarily weak,” they don’t amount to a state-of-the-art conception of human nature “as it is,” either. Taking people as they really are is the downfall of the politics of relative position.

It is true that status is no ideological fancy; it has a real organic basis. Frank and Layard both refer to studies involving vervet monkeys showing that serotonin and testosterone concentrations correlate positively with position in the deference-dominance hierarchy.<sup>88</sup> Similarly, in an article in the *New Yorker* on the importance of relative (as opposed to absolute) poverty, writer John Cassidy notes that low-ranking baboons have elevated levels of stress hormones, and that low-ranking rhesus monkeys face elevated risk of arteriosclerosis.<sup>89</sup> There is some good evidence of similar physical correlates of status in humans. “If monkeys enjoy status, so do human beings,” Layard reasons.<sup>90</sup> He then rushes to explore the policy implications of intractable status competition.

But the fact that we are *not* actually vervet monkeys or baboons matters a great deal. Species differences matter *a lot*, even between monkeys and chimps. Pioneering primatologist and psychologist Abraham Maslow first pointed out the vast difference in behavior between often friendly and tolerant dominant chimpanzees and vigilantly despotic dominant rhesus monkeys.<sup>91</sup> “Real and profound differences are glossed over by flat

statements that all primates know dominance-subordination relationships,” writes Frans de Waal, the world’s leading expert on primate hierarchies.<sup>92</sup>

Real and profound differences are also glossed over by failing to acknowledge what is peculiar to humans. For one thing, we are uniquely *cultural* creatures, and this fundamentally transforms the zero-sum logic of the primate dominance hierarchy. We have already seen how the effects of macroeconomic phenomena like inequality are mediated by culture-bound belief systems. Even universal human psychological traits are highly mediated by diverse human cultural formations. Like monkeys and chimps, we all eat. But some eat with fingers, some with forks, and some with a tuxedoed waiter and violins. There is no denying that all humans signal status, but the differences between a silk necktie and a bound foot are not morally trivial. A high-status drug-dealing gangster and a high-status barn-raising Amish family man may each be “alpha males” within their groups, but the social consequences of positional competition for violent power and for upstanding modest piety are hardly the same.

Indeed, a sensible measure of a culture’s quality is the extent to which it can shape potentially destructive natural propensities, such as self-interest, status seeking, tribal solidarity, and mate competition, into benign or even beneficial cultural forms.<sup>93</sup> Although our taste for status may be deep, the fact that our cultural capacity mediates our instincts, causing the form and value of their expression to vary wildly, prevents facile extrapolation from tendency to policy.

This turn toward culture is far from a soft-headed evasion of hard biological truths. Cultural flexibility is our biological nature. Recent work by Peter Richerson, Robert Boyd, Joseph Henrich (a zoologist and two anthropologists), and others point out the adaptive advantages of a labile cultural capacity that allows human populations to adapt quickly to changing environments and accumulate and transmit useful knowledge, norms, and institutions across generations.<sup>94</sup> In a paper on the



cultural evolution of cooperation, Boyd, Richerson, and Henrich point out that the *common* human cultural capacity explains the huge *variation* in cooperative institutions and norms between societies. Whether we happen to be locked in zero-sum or positive-sum games is more a matter of culturally transmitted institutions (norms of interaction and coordination, explicit or tacit) than of brute facts about our genetic constitution.<sup>95</sup> The question, then, isn't whether we are status seeking. The question is how our culture and institutions harness, suppress, or amplify our natural tendencies.

Henrich, with anthropologist and psychologist Francisco Gil-White, has argued that the distinctive human cultural capacity creates space for kinds of status based in the positive-sum trade of specialized knowledge and expertise for "prestige." They argue that freely conferred prestige provides both an incentive to develop excellence in a valued domain and a payment for the demonstration and transmission of scarce knowledge and skills that benefit members of the group:

In humans, in contrast [to other primates], status and its perquisites often come from non-agonistic sources—in particular, from excellence in valued domains of activity, even without any credible claim to superior force. For example, paraplegic physicist Stephen Hawking . . . certainly enjoys high status throughout the world. Those who, like Hawking, achieve status by excelling in valued domains are often said to have "prestige."<sup>96</sup>

It cannot be denied that prestige based in superior knowledge of theoretical physics is light-years from that enjoyed by a dominant vervet monkey tyrannizing its cowering underlings. Henrich and Gil-White's conception of nonagonistic prestige based in valued excellence points to the exit from Layard and Frank's grim, zero-sum world. To be sure, the runner-up in the race to cure a disease may be infuriated by the prestige granted to his win-

ning nemesis, but this triviality will be swamped by the benefits that flow to people who may not even know the innovator's name.

The logic is basically David Hume's in his essay "The Rise and Progress of the Arts and Sciences," where he attributes the advance of knowledge and beauty precisely to a combination of "emulation," the ambition to equal or surpass others (positional competitiveness), and a taste for "praise and glory" (freely conferred prestige).<sup>97</sup> Hume may well have had himself in mind when he observed, "A writer is animated with new force, when he hears the applauses of the world for his former productions; and, being roused by such a motive, he often reaches a pitch of perfection, which is equally surprising to himself and to his readers."<sup>98</sup> The world is better, not worse, for Hume's own avidly status-seeking "love of literary fame," his confessed "ruling passion."<sup>99</sup> We applaud for a reason: to stimulate the supply of excellence by gratifying the demand for status.

Crucially, there is *no limit* to the possible forms of excellence. So, although the number of positions on any single dimension of status may be fixed, there is no reason why dimensions of status cannot be multiplied indefinitely. It does not in fact require a violation of mathematical law to produce more high-status positions, for it is possible to produce new status dimensions.

In his fascinating analysis of the economics of fame, economist Tyler Cowen interprets praise as the currency with which fans reward and manipulate fame-seeking performers, and concludes, in an argument addressed to Frank, that fame-seeking is a positive-sum, not a negative-sum, game. "Given the benefits of trading praise for performance, markets continually find new means of accommodating and attracting fame-seeking," Cowen writes.<sup>100</sup> And markets continually find new means of accommodating and attracting more garden-variety forms of status-seeking as well.

New dimensions of excellence and status often open up as a result of technological innovation. It was impossible to be a chart-topping pop star or a champion triathlete

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**The cultural fragmentation some critics lament is precisely what liberates us from unavoidable zero-sum positional conflict.**

before there were radios and bikes. Liberal market societies not only create new technologies, they create proliferating forms of association, affiliation, expression, and identity at a sometimes alarming rate.<sup>101</sup> Each musical genre, hobby, committee, church, club, ideology, and lifestyle provides a new dimension—a new frame of reference—for positional competition. Environmental purists can compete with one another to conspicuously consume eco-friendly products (or conspicuously refuse to consume much at all), while punk rockers duke it out on grounds of anti-establishment authenticity and economics professors knock themselves silly trying to get articles into esoteric journals no one else cares about.

The cultural fragmentation some critics lament is precisely what liberates us from unavoidable zero-sum positional conflict. Surfer dudes don't compete with Star Trek geeks for status. Dynamic market liberal societies create higher-order positive-sum games (for example, the "create a new status dimension" game, or the "find the status dimension on which you rank highest" game) that have lower-order zero-sum games as parts.

Once we recognize the anarchic multidimensionality of status, the frequent supposition of Frank, Layard, Cassidy, and others that the *distribution of income*—whether within the office or within the nation—is the main dimension of positional competition begins to look ridiculous. Struggling artists do not necessarily doubt their superiority in the face of successful accountants. And it should not need pointing out that many of us simply don't know how much our friends make and don't much care.

Are the external effects of positional competition really like pollution, as Layard says? Or is positional competition more like the light of the sun: it can burn you, but nothing grows without it? Nobel Prize winner Gary Becker and his University of Chicago colleague, Clark Medal winner Kevin Murphy, have argued that without the motivating prospect of increased status, there would be "underinvestment" in entrepreneurial activity: "Great scientists and outstanding entrepre-

neurs receive enormous prestige and status precisely in order to encourage scientific and startup activities," they write.<sup>102</sup> The benefits of such status seeking, they say, may more than offset the negative effect of status "arms races." Even if the taste for relative position is unavoidable, Indiana University economist Richmond Harbaugh argues that fear of falling behind can induce high rates of savings—a kind of stockpiling for future status-signaling consumption races—with positive overall effects on economic growth.<sup>103</sup> So, there may well be negative external effects of positional competition, but when we add the positive effects, the net externality may turn out to be positive. We can draw no sound implication for policy by blinding ourselves to one column of the cost-benefit ledger.

If some positional competition creates negative spillovers, the best policy solution is less clear than Frank, Layard, and others imply. In his seminal 1960 article, "The Problem of Social Cost," Ronald Coase destroyed the older conception of externalities.<sup>104</sup> Coase drew attention to the fact that externalities exist only as an *interaction* of preferences. I may smell of jasmine, to the delight of most who enter my orbit. But if you are allergic, my fragrance may be far from pleasant. A tax on jasmine may benefit you, but at the cost of those who take pleasure in the scent. Coase instructs us to look for the "least-cost avoider." If it costs you least simply to stay out of wafting distance, then that will be the most efficient course.

The cultural variability and open-endedness of status make it clear that we are not helpless to avoid the harsh side-effects of positional competition. If it is within our power to opt out of any particular status race and to compete for status on a different dimension, those "harmed" may well be the least-cost avoiders. Remember Frank's example of competing job applicants in a race to buy an ever-fancier suit? The fact is, you simply don't have to apply for *that* job. And even if you really want to, you can always buy your suit on the cheap from Overstock.com, hope nobody notices, and use the \$500 you saved

to buy studio time for your new indie-emo-folk band—that is, to compete on another dimension of status.

More importantly, as Michael Hagerty's study discussed above makes clear, although a plurality of people taking a happiness survey do determine their answer on the basis of some kind of concurrent social comparison, people are easily able to shift their frame of reference and respond to the survey on the basis of intertemporal personal comparison, or intertemporal social comparison, in which case their self-reported life satisfaction increases. All it takes is for the experimenter to ask them to look at things a different way. If the "negative externality" vanishes simply because people have shifted the perspective from which they answer a happiness survey question, then the idea that there are real "harms" here, or that the state might have an interest in preventing them, becomes hard to swallow. The "harm" appears to be a phantom of an easily ameliorable bias toward concurrent social comparison in survey respondents. It's hard not to be amused by the "policy implication" Hagerty draws from his study:

The intertemporal questions above show . . . that people are quite willing to change their standard of comparison (at least temporarily). National happiness may therefore be increased by encouraging people to compare themselves with their own grandparents, who had far worse health, education, social mobility, and job benefits than today, and who hoped for better lives for their children. The present study shows that people currently compare themselves far less to their own past (as little as 11%) than to current standards such as social comparisons or current aspirations. Therefore, encouraging people to compare themselves with their own past (rather than with current others or current aspirations) would increase judgments of happiness.<sup>105</sup>

The policy implication is not so much that

we ought to stick it to the rich, but to get a better grasp on how rich we all really are. Indeed, if we extrapolate from Hagerty, the happiness-based policy implication of his study is that we should once again revise the Consumer Price Index so that it stops underestimating growth in real wages.<sup>106</sup> We'd be happier if government statistics didn't conceal how much better off we really are.

Work by psychologist Bram Buunk shows that individuals can differ strongly in what he calls "social comparison orientation" or SCO. It turns out that it is not good for you to be high in SCO:

Individuals high in social comparison orientation are characterized by a sense of uncertainty about themselves as well as by a strong concern with their own motives and feelings, as apparent from substantial correlations of social comparison orientation with neuroticism, and with public and private self-consciousness. Moreover, and particularly relevant here, individuals high in social comparison orientation are relatively low in intellectual autonomy (one of the Big Five dimensions) and tend to have a strong interest in how others are doing in order to evaluate their own characteristics.<sup>107</sup>

It is well-known that neuroticism in particular correlates negatively with self-reported happiness, while intellectual autonomy (also known as "openness to experience") correlates positively with Ryff's "challenged thriving."<sup>108</sup> People high in SCO feel worse when others are doing better, while people low in SCO simply don't notice. It seems unwise to create policy that would symbolically endorse and possibly reinforce what appears to be a psychologically problematic orientation. And it seems deeply unfair to raise taxes on everyone simply on the basis of the fact that *some* people can't help comparing themselves to others. Happily, Buunk and coauthors show that people high in SCO aren't stuck feeling sour about others' rela-

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**Even those of us most inclined to compare ourselves to others can reduce the “harms” of relative position simply by choosing to pay attention to something else.**

tive success: they can be taught to pay more attention to those doing worse, with dividends in self-reported happiness. Even those of us most inclined to compare ourselves to others can reduce the “harms” of relative position simply by choosing to pay attention to something else.

Frank, acknowledging the logic of Coase’s least-cost avoider principle, argues that even people who are uninterested in status may be harmed anyway by others’ positional competition. For example, “positional externalities in the housing market,” Frank argues, “also entail far more tangible costs, most notably that failure to keep up with community spending patterns means having to send one’s children to schools of below average quality. The scope for accommodation to such costs seems far more limited” than in cases where we can simply choose not to let relative position bother us or volitionally to switch our frame of social comparison.<sup>109</sup> But this, Frank’s best example of a case where it is hard to opt out, is in fact a strikingly poor example. It turns entirely on the irrational bundling of schools and neighborhoods in the American public school system, a problem that could be entirely alleviated with school choice policies that would allow families to send their kids to fancy schools outside their own modest neighborhood. This suggests that the most direct policy implications of positional competition may not be higher taxes on work and consumption, but policies, like school choice, that make it easier to pick and choose among races. It *should* be possible to give your kids a leg up in the education race without living in an expensive neighborhood. Frank identifies a cost of the status quo system of education financing, not a cost of positional competition in general.

## **Getting Rich, Getting Happy**

The relative position hypothesis also helps drive the animus toward economic growth. If we’re grinding away to get ahead, and everybody gets richer, but money doesn’t make us

happier, and no one on average gets ahead anyhow, then what’s the point of everybody getting richer? What’s the point of a high rate of GDP growth? We could grind away a lot less, be a bit less rich, but also a bit happier. We should relax more instead: build model airplanes, spend time with the kids, adopt a highway, or whatever—and policy should help make this easier. Money isn’t everything, and there’s something wrong with a government that doesn’t seem to understand that.

“GDP is a hopeless measure of welfare,” Layard concludes. “For since the [Second World] War that measure has shot up by leaps and bounds, while the happiness of the population has stagnated.”<sup>110</sup> Elsewhere he writes, “We desperately need to replace GDP, however adjusted, by more subtle measures of national wellbeing.”<sup>111</sup> This also is the kind of thinking that led Andrew Oswald to write, “Economists’ faith in the value of growth is diminishing. That is a good thing and will slowly make its way down into the minds of tomorrow’s politicians.”

It has, in fact, made its way to the minds of *today’s* politicians. As British prime ministerial hopeful David Cameron announced last spring, “It’s time we admitted that there’s more to life than money, and it’s time we focused not just on GDP, but on GWB—General Wellbeing.” In Cameron’s plea one can hear echoes of Robert Kennedy’s famous attack on national income accounts as a measure of human well-being. Stumping for president just months before his tragic murder, Kennedy lamented that a measure like GDP

does not allow for the health of our children, the quality of their education, or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages; the intelligence of our public debate or the integrity of our public officials. It measures neither our wit nor our courage; neither our wisdom nor our learning; neither our compassion nor our devotion to our country; it measures everything, in short, except that which



makes life worthwhile. And it tells us everything about America except why we are proud that we are Americans.<sup>112</sup>

Kennedy was right that national income statistics don't tell us much about "our wit" or "the joy of our children's play." Nevertheless, if we're looking for a single socioeconomic variable that tracks with most objective indicators of well-being, GDP per capita is hard to beat. Even if it does not measure everything that makes life worthwhile (because nothing does), it most definitely relates positively to measures of a lot of good things, including happiness. But before looking at the effects of money on happiness, I will examine how important high average individual wealth, as measured by GDP per capita, can be to non-subjective indicators of well-being.

A large recent study by OECD economists Romina Boarini, Asa Johansson, and Marco Mira d'Ecole focused on the relationship between GDP per capita and alternative measures of well-being in the OECD nations. The authors found significant positive correlations of GDP per capita with self-sufficiency, average years of schooling, life expectancy at birth, healthy life expectancy at birth, mortality risks, and volunteering. Further, GDP per capita was significantly negatively correlated with income inequality, relative poverty, child poverty, and child mortality.<sup>113</sup> As economists Vito Tanzi and Hamid R. Davoodi show, GDP per capita is also significantly positively correlated with lower levels of corruption—so GDP may have something to say about the "integrity of our public officials" after all.<sup>114</sup>

Given the serious charge that high-growth market societies erode "social capital" and fray the social fabric, it is important to note that even if GDP per capita is not significantly positively associated with most indicators of social cohesion other than rates of volunteerism and a decrease in crime, neither does it appear to accompany symptoms of social breakdown. According the authors, "indicators of crime victimization, prisoners and suicides—as well as of divorces, drug use and road accidents—are not significantly correlat-

ed with GDP per capita," either positively or negatively.<sup>115</sup>

In his recent book, *The Moral Consequences of Economic Growth*, Harvard economist Benjamin Friedman emphasizes that in addition to the litany of its astonishing humanitarian benefits, economic growth is also a powerful force for the encouragement of broadly liberal social and political aims. "The value of a rising standard of living lies not just in the concrete improvements it brings to how individuals live," Friedman writes, "but in how it shapes the social, political, and ultimately moral character of a people. Economic growth—meaning a rising standard of living for the clear majority of citizens—more often than not fosters greater opportunity, tolerance of diversity, social mobility, commitment to fairness, and dedication to democracy."<sup>116</sup>

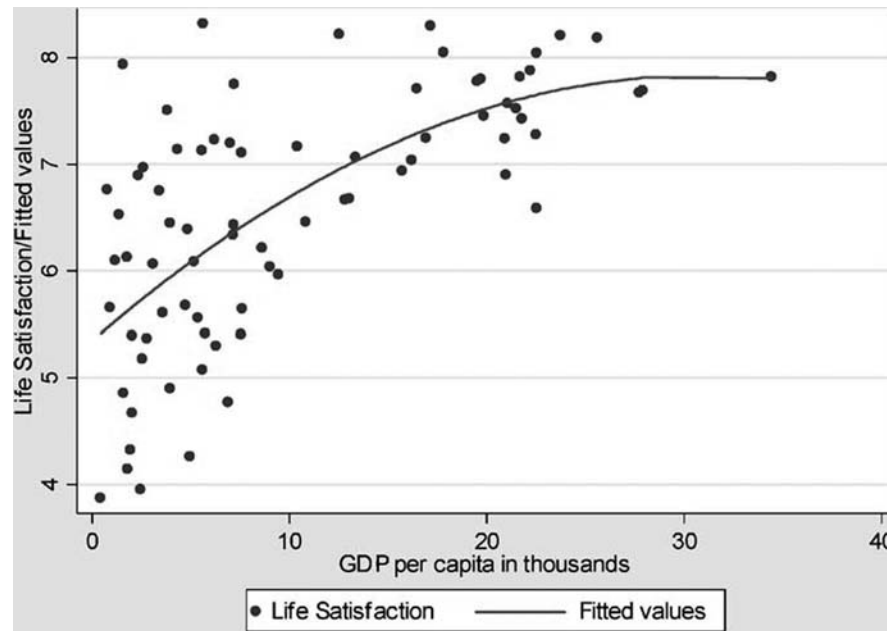
And as Tyler Cowen has detailed at length, wealthier societies produce more paintings, poems, films, songs, operas, and sculptures. They build more museums, support more symphonies, and patronize more artists than do less wealthy societies. Economists can't tell a skeptic about economic growth whether the poetry is *beautiful*, but at least there is more of it, and most of us, economists or not, recognize that much of it is in fact beautiful.<sup>117</sup>

So economic growth makes us healthier, better educated, and more public spirited; fosters social toleration; increases the integrity of our public institutions; and produces a surfeit of art and culture. But does economic growth make us *happier*?

It is impossible to review the happiness literature without constantly tripping over the fact that GDP per capita, or some other proxy for average wealth, dominates almost all variables in terms of the strength of correlation with a society's average happiness. As we have already seen, at any time and place, individuals with higher relative income are more likely to say they are "very happy." But, as we are constantly reminded, the idea that average happiness has not increased with average income is a bedrock finding of happiness research. It is also false.

**Economic growth is a powerful force for the encouragement of broadly liberal social and political aims.**

**Figure 3**  
**Life Satisfaction and GDP per capita**



Source: Tomi Ovaska and Ryo Takashima, "Economic Policy and the Level of Self-Perceived Well-Being: An International Comparison," *Journal of Socio-Economics* 35 (2006).

On average, wealthier nations have happier people, as Figure 3 makes clear. Moreover, the most recent statistical work on the relationship between wealth and happiness, using larger sets of data and more sophisticated techniques of analysis, show unequivocally that we are getting happier as we get richer.

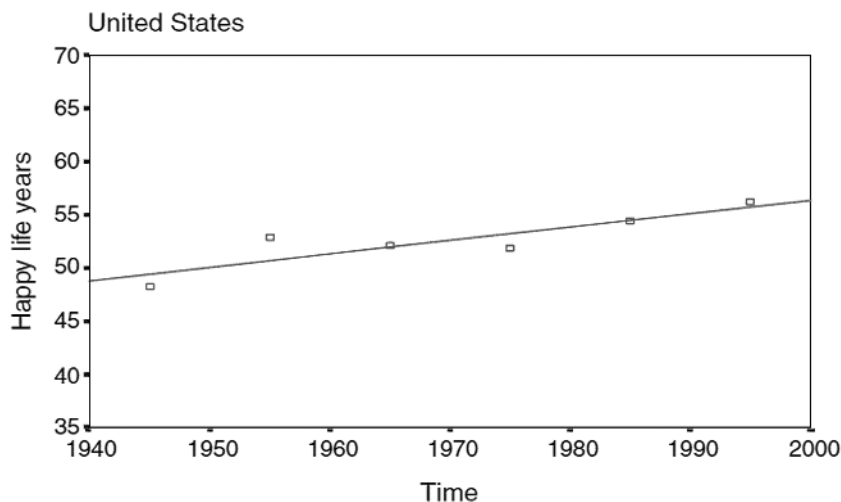
In a recent debate with Richard Easterlin in the journal *Social Indicators Research*, Michael Hagerty and Ruut Veenhoven have argued that increasing wealth is making us happier. Much of the debate centers on small esoteric points of statistical methodology and how to rhetorically frame the conclusions. However, Veenhoven and Hagerty's methods do appear to be a marked improvement over most past happiness studies, and their well-argued interpretation of their findings goes mostly unchallenged by Easterlin, which augurs ill for the anti-growth crowd.

They argue that the data are inconsistent with the predictions of strong relative position theories and that although adaptation does reduce the rate of increase in happiness, it does not wash out all absolute gains in happiness from increasing wealth.<sup>118</sup> There are non-relative and non-evaporating gains from wealth. They conclude:

Happiness is apparently not a zero-sum game and can be raised by growth in national income. This has been a central but until recently untested belief of economists and public policy analysts. Not too long ago unhappiness was deemed the normal human condition. Since expulsion from Paradise, humans could only hope for happiness in the after-life. Promises of greater happiness in earthly existence were dismissed as overly simplified utopianism. The cur-

**There are non-  
relative and non-  
evaporating gains  
from wealth.**

**Figure 4**  
**Happiness Adjusted Life-Years in the United States 1948–1998**



Source: Ruut Veenhoven, “Apparent Quality-of-Life In Nations: How Long and Happy People Live,” *Social Indicators Research* 71 (2005): 61–86.

rent research on happiness allows empirical tests of this, and has shown that entire nations can become happier with economic growth and its covariates.<sup>119</sup>

Happiness researchers have mostly told us about average self-reported happiness at a particular time and over time. But we have been told little about *how long* a representative person in a society can expect to live at the average level of happiness. For example, most cross-national comparative studies can’t see the difference between two equally happy societies, one of which has an average lifespan of 30 years and the other of which has an average of 80. But if we’re making judgments on the standard of happiness alone, a society in which you can expect an extra 50 years of happiness has got to be better. Veenhoven’s HLY measure takes longevity into account. His method is to take a nation’s life-expectancy at birth and multiply it by average happiness converted to a scale from 0 to 1 (e.g., a 5 on a 10-point happiness scale becomes .5, etc.). When we switch to the HLY indicator for the United States, we see HLY levels clearly rising during the last half

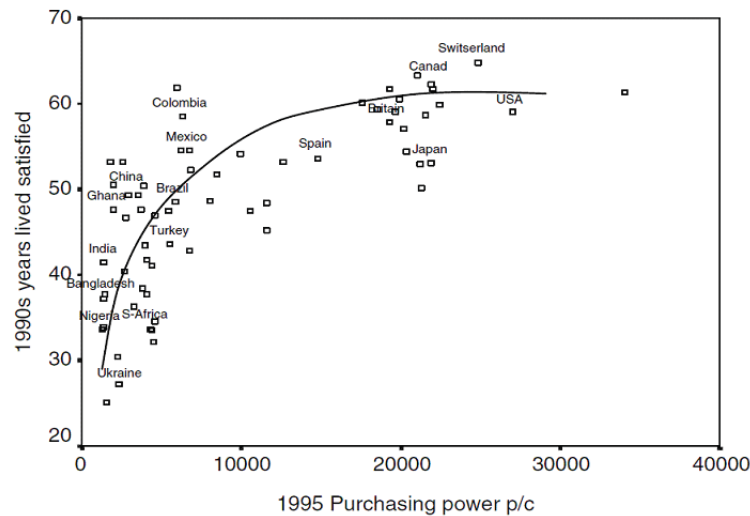
of the 20th century. If a longer happy life is happier than a shorter happy life, then life is evidently getting happier with growth (see Figure 4).

The *exact* effect of rising wealth on the trend of rising HLY is difficult to tease out, as GDP per capita tends to correlate with *so many* other positive indicators. Veenhoven shows that the gains in HLY do diminish rapidly (but never to zero) above about \$15,000 of average income (see Figure 5). However, the returns to HLY from economic and political freedom *do not* appear to be diminishing, and these are the variables that tend to predict growth.

As Veenhoven shows in Table 2, purchasing power per head is the strongest single determinant of HLY. The fact that correlations for all other indicators (with the exception of “trust in compatriots”) weaken after controlling for wealth suggests that wealth and growth explain, at least in part, the levels of other positive social conditions, such as freedom, tolerance, civil rights, lower levels of corruption, discrimination against women, and inequality in happiness—strongly supporting Benjamin Friedman’s argument for

**If a longer happy life is happier than a shorter happy life, then life is evidently getting happier with growth.**

**Figure 5**  
**Wealth and Happy Life-Years in 66 Countries in the 1990s**



Source: Ruut Veenhoven, "Apparent Quality-of-Life In Nations: How Long and Happy People Live," *Social Indicators Research* 71 (2005): 61–86.

the broadly liberalizing effects of economic growth.<sup>120</sup>

The best studies are those that track people over time and see what happens to their happiness as their circumstances change. One such study used the reunification of East and West Germany—and rapidly rising incomes in the East—as a kind of natural experiment to test whether increasing incomes do make us happier. In a paper titled "Money Does Matter!" the authors write:

average life satisfaction in East Germany increased by around 20% between 1991 and 2001, leading to a clear convergence with West Germany. Importantly, increased real household incomes in East Germany accounted for around 35–40% of this increase, which corresponds to the economists' view that money surely matters.<sup>121</sup>

On the flip-side, sudden reductions in income correlate strongly with declining subjective well-being. Hagerty and Veenhoven note that "in Russia average happiness decreased by two points following the Rubel

crisis in the mid 1990s, which severely disorganized the economy. As the Russian economy began to pick up, so happiness also began to rise."<sup>122</sup>

Despite the apparently overwhelming evidence that wealthy, high-growth societies are the happiest places in the world, and only getting happier, there is no lack of hand-wringing about the spiritual emptiness of "materialism" in liberal market societies, and some of the hand-wringing is motivated by putatively scientific findings. In his 2004 book *The High Price of Materialism*, Knox College psychologist Tim Kasser presents his research with Richard Ryan showing that "extrinsically motivated" people who care predominantly about material acquisition are more likely to find themselves unhappy and dissatisfied with life than are "intrinsically motivated" people devoted to personally meaningful work and relationships. Kasser's research on the negative effects of "materialistic" value orientation on happiness seems sound and conforms to common sense.

However, Kasser barely takes a breath before taking an awesome leap in logic from the micro to the macro level of diagnosis.

**Sudden  
reductions in  
income correlate  
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declining  
subjective  
well-being.**



**Table 2**  
**Social Conditions and Happy-Life-Years in 67 Countries in the 1990s**

Condition in Nation	Correlation with HLY		
	Zero-order	Wealth Controlled	N
<i>Wealth</i>			
Purchasing power per head*	+0.73		66
<i>Freedom</i>			
Economic*	+0.71	+0.38	64
Political*	+0.53	+0.13	63
Personal	-0.61	+0.31	45
<i>Equality</i>			
Disparity in incomes*	-0.10	+0.37	62
Discrimination of women	-0.46	-0.12	51
Disparity in happiness	-0.64	-0.37	54
<i>Brotherhood</i>			
Tolerance	+0.72	+0.43	55
Trust in compatriots	+0.20	+0.20	37
Voluntary work	+0.40	+0.31	53
Social security	+0.34	-0.27	34
<i>Justice</i>			
Rule of law*	+0.65	+0.20	64
Respect of civil rights*	+0.60	+0.20	60
Corruption	-0.73	-0.32	40
Explained variance by variables marked with*		66%	60

Source: Ruut Veenhoven, "Apparent Quality-of-Life In Nations: How Long and Happy People Live," *Social Indicators Research* 71 (2005): 61–86.

Because extrinsically motivated individuals with predominantly materialistic values are more likely to be unhappy, market societies, which create unparalleled opportunities for material accumulation and consumption and which motivate the production of goods and services others value extrinsically with profits and paychecks, must be unhappy.<sup>123</sup> But this is a simple non sequitur. Kasser boldly equivocates on the meaning of the word "materialistic," implying that consumer demand for material consumption requires a widespread "materialistic" attitude in his special theoretical sense. However, capitalist consumer societies—and markets in general—don't require materialistic monomania in order to operate. They require only that people want things, for good reasons or bad, and that they are willing to trade what they have produced to get them.

Showing that there is a problem with materialistic monomania says nothing about capitalist societies, nor does it imply that denizens of capitalism are more likely to be materialistic than others.

Recent studies by Stephanie M. Bryant, Dan Stone, and Benson Weir have developed a new theoretical construct called Financial Self-Efficacy, which they define as "the belief that one can competently manage one's finances."<sup>124</sup> The authors find that individuals high in FSE are more likely to treat money as an *instrument* for the achievement of other, nonmaterialistic aims. People high in FSE tend to have higher levels of debt but more intrinsic motivation for carrying it (e.g., a student loan, a family home, a trip to a foreign country, etc.), and they are more likely to have high levels of life satisfaction. The

**Showing that there is a problem with materialistic monomania does not imply that denizens of capitalism are more likely to be materialistic than others.**

**If you want fewer materialists, make *more material* readily available to people, at which point they'll stop worrying about it so much and start worrying instead about things like happiness and the meaning of life.**

upshot is clear: the aspiration to make and spend money is neither good nor bad. What matters is our *attitude* toward our financial goals, and their content. If we want money simply for its own sake, to impress friends, or to buy gadgets as palliatives for boredom and ennui—Kasser's "materialism"—money won't do us good. But if we regard money as a mere *tool* with which to achieve more meaningful ends, more money will help us do more of what we find meaningful.

University of Michigan political scientist Ronald Inglehart's work shows that nations with a rising level of per-capita GDP tend to shift culturally from "materialist" values, "which emphasize economic and physical security," to "post-materialist" values, "which emphasize self-expression and quality of life."<sup>125</sup> According to Inglehart, the cultural shift includes a significant time lag, because "to a large extent, one's basic values reflect the conditions that prevailed during one's pre-adult years."<sup>126</sup> Inglehart finds that there has been a *large* shift from materialist to post-materialist values in wealthy Western liberal market democracies.

For example, in the earliest U.S. survey, materialists outnumbered postmaterialists by 24 percentage points; in West Germany, they outnumbered postmaterialists by 34 points. During the three decades following 1970, a major shift occurred: by the 1999–2001 surveys, postmaterialists had become more numerous than materialists in all nine countries.<sup>127</sup>

This, of course does not mean that younger generations spend all their time shopping for "fair trade" coffee and performing sun salutations (though there is surely more of that). But the shift away from economic scarcity increases the emphasis on self-definitional and self-expressive consumption. "The rise of postmaterialism does not mean that materialistic issues vanish," Inglehart and Christian Welzel write:

The publics in postindustrial societies

have developed more sophisticated forms of consumerism, materialism, and hedonism. . . . New forms of consumption no longer function primarily to indicate people's economic class. Increasingly, they are means of individual self-expression.<sup>128</sup>

Inglehart is not using "materialist" in precisely the same way as Kasser, but the rough idea—an emphasis on material acquisition as opposed to meaning—is the same. If you want fewer materialists, the way to go is to make *more material* readily available to people, at which point they'll stop worrying about it so much and start worrying instead about things like happiness and the meaning of life.

Many people seem to think that a government's emphasis on measurements like GDP indicate a kind of collective affirmation of materialist goals, encouraging a narrowly materialist attitude at war with more exalted values. But this is simply a mistake. The very *function* of money is to serve as a neutral medium of exchange. It is a shape-shifting embodiment of almost *any* value. The same \$100 can be spent on a prostitute or donated to an HIV/AIDS clinic. The relative value neutrality of money is precisely why the measurement of per-capita wealth is well suited to pluralistic liberal societies; it doesn't beg many questions about competing conceptions of the good life. Money can't be converted into *anything* that someone might value, but it is of the nature of money to be *convertible* into a phenomenally broad range of values. Societies with high levels of average income and wealth are societies in which people have more resources at their disposal to achieve their aims, no matter what those aims might be, which is why it should be no surprise that, other things equal, people with more money are more satisfied. By measuring GDP, household wealth, and the like, government is *not* affirming one set of values over others. It is, in fact, embodying an ideal of liberal neutrality by measuring something that is valuable in varying degrees to all of us.

## Conclusion

The United States is not failing the Founders' test. The happiness-based evidence points unambiguously to the conclusion that those of us lucky enough to live in the United States in 2007 are succeeding fairly well in the pursuit of happiness. Whether or not our Founders would recognize—or even *like*—their country, Americans are indeed living up to the promise of our founding.

So, we are left with a puzzle. If we're so happy, then why are we so ready to be persuaded by claims that we are suffering from a world-historical spiritual malaise, despite all the evidence to the contrary?

In his bestselling 2004 book *The Paradox of Choice*, Schwartz argues that capitalist consumer culture gets us down by offering *too* many choices. It's not just that the onslaught of new brands of toothpaste, breakfast cereal, chocolate bars, and books about happiness taxes our frail deliberative capacities, but when our set of options explodes, each new choice requires *not* choosing so many other things.<sup>129</sup> The perceived cost of making any choice and sticking with it seems higher and higher the more alternatives there are to forgo. On this score, Schwartz points us to Robert Lane's claim in *The Loss of Happiness in Market Democracies*:

There are too many life choices . . . without concern for the resulting overload; and the lack of constraint by custom, [and] demands for self-actualization, that is, demands to discover or create rather than accept a given identity . . . all adds to the stress."<sup>130</sup>

To be sure, it is a hassle to have to discover or create our identities instead of being "given" one—or having one forced upon us. But this is, in essence, what it means to be postmaterialist in Inglehart's sense. Instead of slipping into pre-assigned, traditional social roles, we are able to sit atop mountains of wealth and survey the vast horizon of possibil-

ity, with a heretofore unthinkable independence from custom, wondering what kind of person we would like to be. And then we become agoraphobic.

Our problem is that there are both too many *and* too few choices. There are particular goods that would specially benefit and satisfy each of us, but which don't exist. Yet it is hard to identify the specially fitting goods that already do exist in the panoply of choice. If we weren't so diverse, we wouldn't require so much diversity. One kind of shoe, one kind of bread, one kind of antacid would be universally satisfactory. But we *are* diverse, and, for the first time in history, we are liberated from ancient demands of conformity, because, for the first time in history, we now come into the world at a sufficiently safe distance from scarcity to permit us to express and experiment with our singular natures. In fine post-materialist fashion, we demand that our consumption express our self-conceptions-in-progress, and so we *need* diversity. But we also don't know exactly who we want to be before we get to the store. So we can easily feel lost in the consumer cornucopia, as though we are sorting through a landfill for a diamond etched with just our name.

As John Maynard Keynes wrote in his startlingly prescient essay "Economic Possibilities for Our Grandchildren," there may be a sense in which we have already solved (we lucky few in the advanced liberal democracies, that is) the economic problem of scarcity. But *then* what?

Thus for the first time since his creation man will be faced with his real, his permanent problem, how to use his freedom from pressing economic cares, how to occupy the leisure, which science and compound interest will have won for him, to live wisely and agreeably and well.<sup>131</sup>

And this, our permanent problem, we have yet to solve, and it weighs on us. Our culture has not yet caught up to the new, happier world of science and compound interest, and we do not

**In fine post-materialist fashion, we demand that our consumption express our self-conceptions-in-progress, and so we *need* diversity.**

yet see how our inherited visions of the good life fit into it. So it seems plausible to most of us that something is wrong, even if so much is right. If happiness research is going to be good for anything, it is not going to be for guiding well-meaning technocrats who seek to make us happier by pulling this policy lever or pushing that policy button. Rather it is going to be good for providing insight in how “to live wisely and agreeably and well.” This is insight we all badly need, and it is not the government’s to give.

## Notes

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3. Gregg Easterbrook, *The Progress Paradox: How Life Gets Better While People Feel Worse* (New York: Random House, 2003), p. xx.
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17. The text of the Midlife Development Inventory can be found at [http://www.midus.wisc.edu/midus1/mail\\_parts\\_1\\_2.pdf](http://www.midus.wisc.edu/midus1/mail_parts_1_2.pdf).
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